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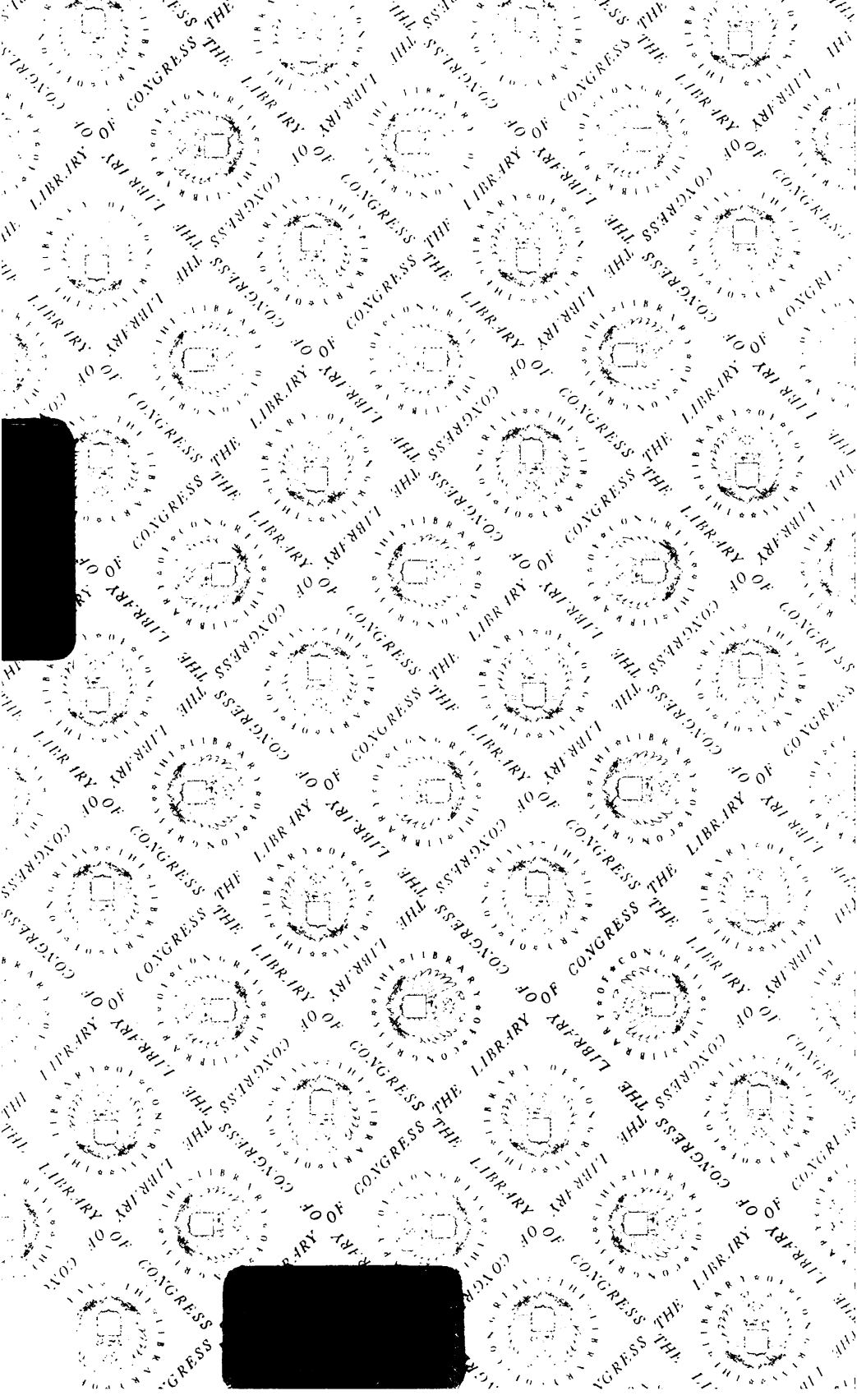
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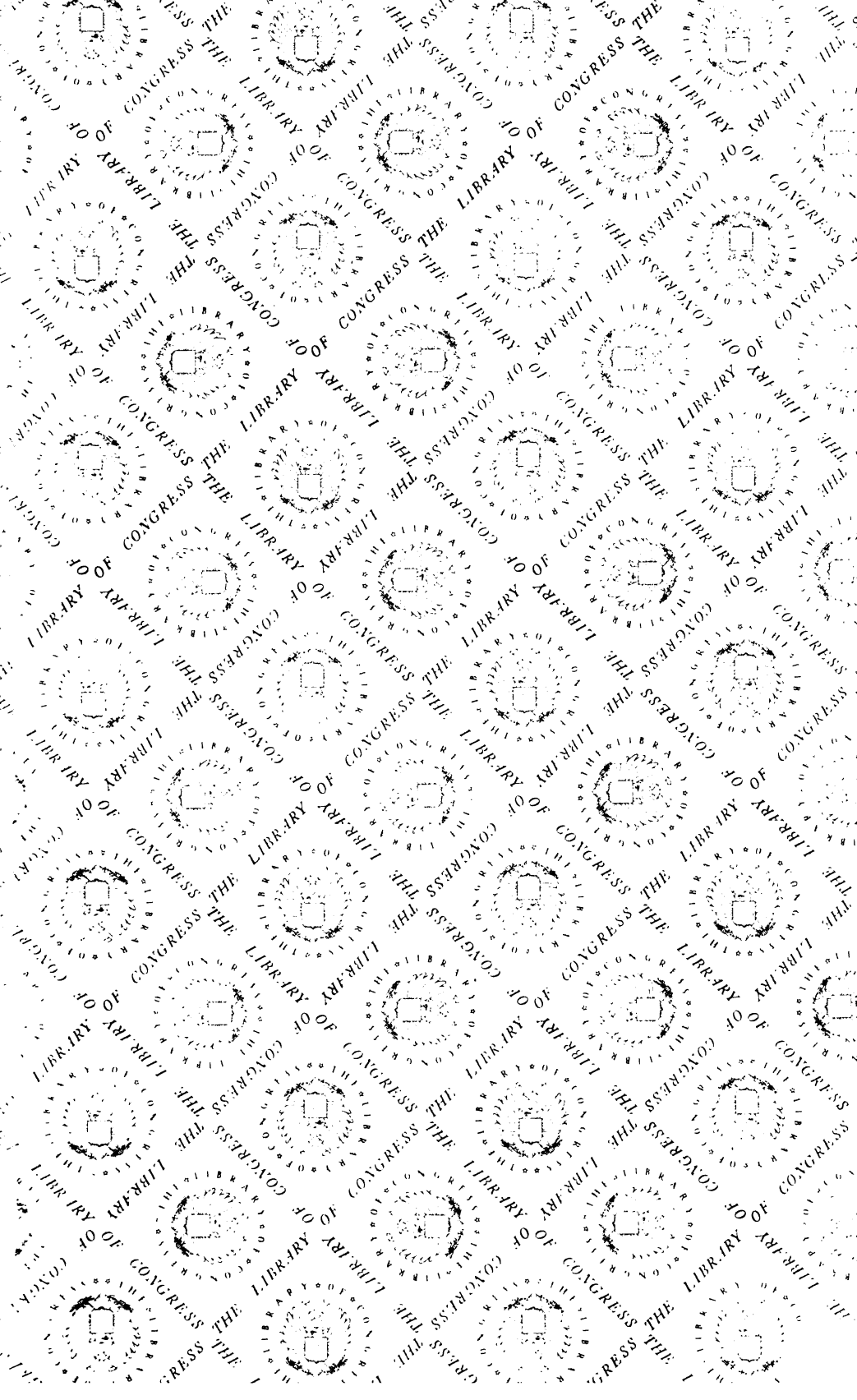
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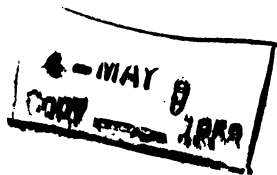
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RECIPROCITY WITH CUBA.

HEARINGS



BEFORE

U. S. Congress. House.

COMMITTEE ON WAYS AND MEANS,

FIFTY-SEVENTH CONGRESS, FIRST SESSION.

WEDNESDAY, JANUARY 22, 1902.

BEET-SUGAR INTERESTS AGAINST RECIPROCITY.

COMMITTEE ON WAYS AND MEANS:

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WASHINGTON:

GOVERNMENT PRINTING OFFICE.

1902.

HF 2651
S8A4
1902

40-222

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AGAINST RECIPROCITY—BEET-SUGAR INTERESTS.

COMMITTEE ON WAYS AND MEANS,
Wednesday, January 22, 1902.

The committee this day met at 10 a. m., pursuant to adjournment, Hon. Sereno E. Payne in the chair.

STATEMENT OF MR. PLACÉ.

(Favoring reciprocity.)

The CHAIRMAN. Mr. Louis V. Placé wants to be heard for five minutes this morning.

Mr. PLACÉ. Mr. Chairman and gentlemen, I want only your permission to read a cablegram I received from Matanzas yesterday.

[Cablegram.]

MATANZAS.

LOUIS PLACÉ,
Cuban Delegate, Washington, D. C.:

Crisis more serious every day, calling for immediate remedy. Most energetic endeavors necessary to save country imminent disaster. Anything preferable to such calamity.

BEA,
President Matanzas Board of Merchants.

I am not here as a sugar nor as a tobacco planter, but as a representative of Cuba asking for the establishment of conditions that once fully known will be as dear and as jealously advanced by the commercial interest of the United States as by all the interest of Cuba.

Mr. Chairman, what I stated to this honorable committee when I last had the privilege of being before you may have been misapprehended—misunderstood.

The question of reciprocal relations between the United States and Cuba is one which will come, in my humble judgment, by the inevitable process of nature.

In discussing it here I argued that free trade should exist between us; that every commercial barrier should be taken down between us. This is the position of Cuba in her earnest wish that the United States should command her markets to the exclusion of all other countries, and be received in the markets of this country on like conditions. But,

Mr. Chairman, while this sentiment reflected the wish and judgment of the Cuban people toward you, we defer the whole question to your wish and your judgment.

We want what you will grant, asking no more advantage—not as much as we are able under the process of development, with your cooperation, to concede to your producers and your markets; and so without suggestion as to limitation, we leave to you and your statesmanship the relations which shall prevail between ourselves.

The sovereignty is yours, over both alike, and your determination of this matter will be accepted by us as fully [freely] as it is by the American people themselves.

The CHAIRMAN. Now we will hear the beet-sugar people. I will say the committee has given this day to the interest of beet sugar, and I do not see how they can give any other time at a very early date if other gentlemen want to be heard on that subject, as things look to-day; so I would suggest they divide up the time among themselves, reminding them that what the committee desires most is facts, not arguments on protection, but facts.

STATEMENT OF MR. HENRY T. OXNARD,

Sugar manufacturer and president American Beet Sugar Association.

The CHAIRMAN. Give the reporter your name and business.

Mr. OXNARD. Henry T. Oxnard, of Oxnard, Cal., a sugar manufacturer.

Now, Mr. Chairman, here are about ten pages, and I will just skim it over and read extracts. The main things we have done for Cuba are, we have freed her from \$300,000,000 of debts owed to Spain, and it is pertinent to recall what else we have already done for Cuba. Early in 1899 we distributed among her people 5,493,500 rations and nearly \$3,000,000 in cash to enable them to resume their vocations. Did we do anything for the South from 1865 to 1870? Here are 29 things we have done for Cuba of all kinds. I have enumerated the different advantages we have given, the sanitation, the remission of taxes—it is all in this. Would you like to have me read it now, or shall I pass it over and have it printed? (See also Appendix, page 248.)

The CHAIRMAN. I think the members of the committee would like to hear it.

WHAT HAVE WE DONE FOR CUBA.

Mr. OXNARD (continuing). And it is pertinent to recall what we have already done for Cuba. We freed her of \$300,000,000 debt owed to Spain. Early in 1899 we distributed among her people 5,493,500 rations and nearly \$3,000,000 in cash to enable them to resume their vocations.

For Cuba we—

First. Reduced and finally abolished all export taxes on Cuban tobacco, which amounted—on raw tobacco to 1 cent a pound at 4 ports and to 2 $\frac{1}{10}$ cents per pound at other ports; on cigars to \$1.35 per 1,000, and on cigarettes to 90 cents per 1,000. (Total export duties 10 months of 1900, \$734,776).

Second. By Executive order July 25, 1899, the tonnage dues were abolished for a time, but this order was subsequently amended.

Third. We abolished the \$1 a ton landing charges December 13, 1898.

Fourth. Also all export taxes April 1, 1901. These amounted to over \$900,000 in 1900.

Fifth. All the registry fees for documenting foreign-built vessels.

Sixth. We reduced the Cuban duty on crude salt 60 per cent April 1, 1899.

Seventh. We carried building brick and undressed pine lumber to the free list April 7, 1899.

Eighth. We reduced the Cuban tariff on hats of yarey, not lined, 50 per cent April 25, 1899.

Ninth. We reduced the Cuban tariff on codfish 50 per cent May 25, 1899.

Tenth. We abolished the old Spanish surtaxes on woolen yarns mixed with silk, tissues, and embroidery June 4, 1899.

Eleventh. We reduced the Cuban duty on cordage oil over 65 per cent June 7, 1899.

Twelfth. We reduced the high Cuban duties on hats known as "jipijapa" 25 per cent June 21, 1899.

Thirteenth. For a year we allowed the free entry into Cuba of graded cows and bulls July 12, 1899.

Fourteenth. By Executive orders of August 10 and 31, 1899, we allowed beehives and beekeepers' supplies to enter Cuba free of duty.

Fifteenth. We placed school furniture entering Cuba on the free list December 2, 1899.

Sixteenth. We placed crude petroleum entering Cuba on the free list December 29, 1899.

Seventeenth. December 1, 1899, we placed posters, lithographs, calendars, etc., entering Cuba on the free list, and—

Eighteenth. We made a heavy reduction on manufactured iron entering Cuba for railway and other purposes.

Nineteenth. September 27, 1901, modifications to continue one year of the Cuban tariff promulgated March 31, 1900. The principal changes make a reduction of 50 per cent ad valorem in the duty on railway-equipment stock; of 50 per cent on sugar-making machinery, and the cancellation of the special concession relating to Porto Rican coffee, coffee in the bean or ground, chicory roots and chicory, \$12.15 for 100 kilograms (220 pounds). This provision is the same as the existing tariff, except that it cancels the special concession heretofore granted to Porto Rican coffee of \$3.40 per 100 kilograms.

Twentieth. In 1890 we abolished the 10 and 3 per cent on passenger and freight rates, equal to over to \$300,000 per annum.

Twenty-first. General Brooke, March 25, 1899, abolished all municipal taxes known as "repartiments," also the 2-cent "consumption" tax on meat and all "consumption" taxes, such as those on food, fuel, coal, charcoal, and prohibited all municipal taxes on those articles. To show our party what the "repartiments" was we only need say that employees were required by Spain to pay 10 per cent to Cuba, while day laborers paid one-third of theirs to the municipality.

Twenty-second. Under the beneficent administration of the affairs of Cuba at the hands of Generals Brooke and Wood, the sanitary conditions of Habana, Santiago, and other places have been so materially improved that up to September 1, 1901, only two cases of yellow fever had occurred, a thing never known before.

Twenty-third. We have reestablished morality in the public treasury and done away with the ruinous system of loans and deficits, and all the budgets of the island are closed with a surplus which is deposited in the Treasury at Washington. We have simplified the administrative proceedings, retaining for Cuba the custom duties which are the most productive ones and the easiest to collect and have turned over to the municipalities the indirect ones, which will allow Cuba to sustain themselves in case the rules of economy are enforced. But over and above all, the United States have--

Twenty-fourth. Given liberty and independence to Cuba, with guaranties which extend all the assurance and protection necessary to persons and property. There will be no more ten, or even three, year wars, with consequent losses, unless the Cubans bring it upon themselves. We have done quite enough; all that is either necessary to restore prosperity to the island or that is fair to our own taxpayers and our home industries; all that is politically decent and morally honest toward our sugar producers in the States and in our new and pacified colonial possessions, Hawaii and Porto Rico.

Twenty-fifth. March 29, 1899, we abolished and greatly reduced others of the industrial taxes. A partial explanation of these industrial taxes may be gathered from a report made to General Fitzhugh Lee by Guillerme Dolz, civil governor of Pinar Del Rio, September 14, 1899. He said:

The industrial import or tax on manufactures and commerce as well as municipal surtaxes and collection taxes are hereby reduced to a single municipal tax.

(a) For industries included in the first list the rate was reduced 25 per cent.

(b) The taxes in the second list, comprising taxes on extra salaries, concert companies, newspaper companies, schools, and gymnasiums were abolished, and on others the reduction was 25 per cent.

(c) The taxes in the third list—except on liquors—were reduced 33½ per cent.

(d) The taxes in the fourth list were abolished.

(e) The taxes in the fifth list were reduced 50 per cent and all municipal surtaxes and collection taxes were abolished.

And, Mr. Chairman, what has resulted from all this? Peace and prosperity; a greatly rehabilitated country with railways built and building in every direction that ought to guarantee a larger population, greater production, and cheaper transportation. Our sanitary work alone is worth millions to Cuba. But we are not bound to support her. We are not bound to guarantee her planters' prices that the world's market do not warrant. We have put her on the right road with milestones to guide her to a great future. We can not afford to, nor are we obligated to guarantee her planters against every possible loss that may or may not accrue because of overproduction or anything else, and which does not flow from American occupation.

THE PLATT AMENDMENTS.

They tell us that the acceptance by Cuba of the "Platt amendments" obligated us.

Mr. Chairman, in the first place the acceptance of those amendments are no part of the Cuban constitution. They must first be formulated into a treaty, and that treaty must be ratified, and that has not been done and can not be until Cuba has a government of her own.

The "Platt amendments" instead of imposing an "obligation" upon us place Cuba under additional obligations to this Government. They burden the United States beyond all that has already been put upon them. For instance, by the first amendment Cuba agrees that she will refrain from entering into any treaty with any foreign power that might impair her independence or that might permit any such power to obtain any control over the island. That does not, however, embrace trade or reciprocity treaties, as some pretend to suppose. If it did, then Cuba may not enter into one with the United States.

Again, it has been understood by all nations for half a century or more that this Government would never permit a foreign power, on any pretext, to get control of Cuba, so that that amendment was unnecessary. At all events it is for Cuba's benefit.

The second amendment binds Cuba not to contract any debt that her ordinary revenues will not discharge. That is protective and also for Cuba's benefit.

By the third amendment a positive burden is laid upon the United States, to wit: That we shall, at all times, be bound to intervene to preserve not only Cuba's independence, but a government in the island adequate to the protection there of life, liberty, and property.

By the fourth amendment Cuba obligates herself to complete the system of sanitation inaugurated by this Government, which is of direct benefit to Cuba; indirectly only of some benefit to the United States.

By the seventh amendment, we are to have coal and naval stations in Cuba, but only upon lease or sale. We are to pay for the same and they will be of protective benefit to Cuba. The grant is for a consideration and is no more than has been accorded to us in other cases. So that instead of these amendments creating an obligation, the third or most material one places a heavy and continuous burden on the United States. Because of it, no nation on earth is better safeguarded and protected than Cuba. Locally, the lives, liberties, and property of her people are guaranteed by the first nation on earth, and as a nation Cuba is promised protection by treaty with us against other nations. Her independence against the whole world—the United States not excepted—is guaranteed. If such a gift by the United States as that, in connection with all else given her is not sufficient, we hardly know what the exporters and sugar brokers of New York, the free traders, and the Spanish planters of Cuba regard as liberality. They certainly are unable to distinguish between an obligation and a burden.

If Cuba had secured her independence without our aid, there certainly would have been no obligation running from the United States to Cuba; why, then, should any obligation remain with aid rendered her, and after all we have done?

The Washington Post of September 25, 1901, well said:

To the argument that Cuba will starve unless we coddle her industries at the expense of our own, the obvious reply is that Cuba is already overwhelmingly in our debt. When, in April, 1898, the United States assumed the task of destroying the power of Spain in the West Indies, it was clamorously declared by the insurgents that they asked only for emancipation. Their country, so they explained, was fertile beyond words; they needed only the opportunity to labor for themselves, free from exacting and rapacious taskmasters. "Break our manacles," they cried, "and we will soon show you a paradise upon earth, a land flowing with milk and honey, an abode of happiness and peace beyond description." We broke the manacles, such as they were, spending millions of money and squandering hundreds of precious lives in the transaction, and now—more than three years afterwards—these same gentlemen tell

us that unless we grant them further favors and again sacrifice our own domestic interests to theirs they will be bankrupt. It is not enough that we have driven out the Spaniards—we are to go on until the end of time with our policy of coddling and self-immolation.

We undertook to free Cuba in a political sense, and if the former insurgents represent the welfare and the aspirations of the Cuban people we have abundantly redeemed our pledges. We did not undertake, however, to feed, clothe, and house the insurgent leaders forever, to provide them with salaries and official positions, and finally, after withdrawing from the island, to inaugurate and maintain an economic status under which their power and emoluments would be secured to them in perpetuity.

The planters say the present price of sugars will not permit them to gather the crop of cane without loss. That is a disputed question, but, Mr. Chairman, suppose it were true. Thousands of our farmers have garnered many a crop at a loss when prices were low, and many have had to mortgage their farms to secure money to pay their taxes and to put in another crop. Did they come to Congress? Until about April or May, 1901, the Cuban planter had been receiving in Habana from $2\frac{1}{2}$ to $2\frac{3}{4}$ cents a pound for his centrifugal sugar, which gave him a margin of from 1 to $1\frac{1}{4}$ cents a pound. Turning to conditions at home at intervals, we find that comparing the price of XX Ohio washed wool in 1893 with 1896 the decline in value was from $28\frac{1}{2}$ to $18\frac{1}{2}$ cents per pound, or 35 per cent. Did the Ohio farmers come to Congress for alms or direct financial relief? Cotton in 1890 was 11 cents a pound and in 1899 only 6 cents. Did the Southern planter come to Congress? And this has been the case with many products. Why, then, this demand for "immediate" relief from foreigners? Why all this zeal for any relief whatever?

Mr. Chairman, I have attempted, as briefly as I could, to lay the many aspects of this matter before you and to answer much that has appeared in the public press, but time has been too short for me to state our objections fully, and I throw myself upon the charity of the committee and thank it for its considerate attention.

(For additional statement of Mr. Oxnard see Appendix, page 248.)

The CHAIRMAN. It was stated in the papers you and counsel for the Cubans made a sort of tentative agreement as to what course should be or ought to be adopted and you considered it should be by the way of a drawback.

Mr. OXNARD. Shall I explain that?

The CHAIRMAN. Certainly.

Mr. OXNARD. This is true; I never made any agreement whatever. Here was the position I took toward one of the representatives of the Cuban delegates: That Congress should thoroughly investigate this subject, and if, on full investigation, they found out that Cuba was making sugar at a loss and they wanted to be generous, the proper way to do it was to give a rebate and take it out of the whole people instead of one or two industries, and if Congress decided to do that there would be no objection from the beet-sugar people.

The CHAIRMAN. Would not a rebate of that kind amount to about the same thing as a reduction in the tariff practically?

Mr. OXNARD. No, sir.

The CHAIRMAN. What difference is there if we take off half a cent on the tariff, or whether we exact the full tariff and paid half a cent on sugar back per pound?

Mr. OXNARD. The difference is this: In one case you keep your tariff wall intact; you keep protection just where it is exactly, and we

give back out of that tariff what we want to and the whole country pays it, whereas if we drop the tariff in percentage I do not believe that a small reduction of the tariff would reduce the price one penny to the consumer, but that a reduction would show that the tariff here was impaired and that capital would be favored rather in Cuba than in the United States. That is where I see the chief objection.

The CHAIRMAN. What do you call a small reduction?

Mr. OXNARD. Why, 10 to 20 per cent.

The CHAIRMAN. Would it reduce the price to the consumer?

Mr. OXNARD. I do not think it would reduce the price of sugar to the consumer, because you would have to go abroad to get such a large quantity of your raw material that the price of refined sugar would be fixed there, plus the duty.

The CHAIRMAN. What proportion would the owner of the Cuban sugar get of that 20 per cent reduction?

Mr. OXNARD. The owner of the factories? I do not think he would get any of it. I think it would be divided between the trust and commission merchants and mortgagees, but I do not believe the Cubans would get any benefit.

The CHAIRMAN. We are told that the price for the sugar of the world is made at Hamburg?

Mr. OXNARD. Yes, sir; it has been.

The CHAIRMAN. How could it be so; how do the sugar trust or the refiners regulate that?

Mr. OXNARD. In this way: Suppose there is an extra reduction given on the Cuban sugar, a certain percentage, say a fourth of a cent. The trust knows that Cuba has that much, and when the Cuban comes up to sell his sugar the trust says to him: "No; I will not buy your sugar unless you will divide up with me. Give me a certain per cent and I will only pay so much," knowing all the while that the Cuban can not go outside and get a better price for it. This is his best market; he has no other market.

The CHAIRMAN. But the refiner has to have the sugar; he will have to buy sugar, and if he does not get it from Cuba he has to buy it abroad?

Mr. OXNARD. He has to get it from the outside markets.

The CHAIRMAN. From European markets, would he not? He would have to go to the European markets for it.

Mr. OXNARD. Or Java, or some other market.

The CHAIRMAN. And pay the Hamburg price. There is no other adequate supply except the European market to take the place of Cuban sugar.

Mr. OXNARD. Yes; I admit all that, but the trust can hold off and the Cuban can not; he needs money. The trust does not have to buy, but he has to sell. There is a big difference between having to sell and not having to sell.

The CHAIRMAN. One has got to buy and the other has got to sell. There is a sort of competition now in refined sugar, is there not, between the Arbuckles and Havemeyer?

Mr. OXNARD. As far as I know the refiners are all united as against the beet-sugar industry. They want to stop that competition, every one of them, and I think there is a community of interest of all, possibly except Arbuckle.

The CHAIRMAN. It was alleged two years ago, when we had the Porto

Rican tariff under consideration, you were the head and front of the beet-sugar trust?

Mr. OXNARD. Yes, sir.

The CHAIRMAN. Will you tell us about that?

Mr. OXNARD. There is no beet-sugar trust that I know of. I am president of the American Beet Sugar Company, which has four or five factories, and am president of the American Beet Sugar Association. There is no trust, there is no community of interests except as regards our protection in instances like this when we come together, but there is no union among ourselves for buying the raw material or selling, or producing sugar or anything of that kind, and none of the factories have any interest between one and the other that I know of, and I have no interest in any other factories except the five I mentioned.

The CHAIRMAN. In the American Beet Sugar Association how many separate companies are engaged in the manufacture and refining of beet sugar?

Mr. OXNARD. I should say about thirty.

The CHAIRMAN. Located in different States?

Mr. OXNARD. In eleven States.

The CHAIRMAN. In a statement made and signed by yourself and Mr. Cutting in 1899 about the cost of sugar, what did you put the cost of beet sugar in that statement?

Mr. OXNARD. Of producing beet sugar?

The CHAIRMAN. I think it was, I do not remember exactly, but you probably do.

Mr. OXNARD. Somewhere about 3 cents.

The CHAIRMAN. About how much?

Mr. OXNARD. About 3 cents; but I assumed, as I showed in my argument, I could work the beets for \$3 and I could buy my raw material for \$4, but as a matter of fact in practice it did not turn out that way. I showed that very clearly in my argument.

The CHAIRMAN. Where did you get your facts in 1899 from which you gave that?

Mr. OXNARD. From one or two factories where we had worked profitably through one special season for one year. I singled out certain factories to show possibilities under extremely favorable conditions.

The CHAIRMAN. Located where?

Mr. OXNARD. Located in Nebraska and California.

The CHAIRMAN. Your factories?

Mr. OXNARD. Yes, sir.

The CHAIRMAN. I suppose, of course, these factories do not pay the first year or two, or the first three years?

Mr. OXNARD. Generally they do not.

The CHAIRMAN. They hardly pay expenses, as a rule?

Mr. OXNARD. No, sir.

The CHAIRMAN. For the reason they can not get the beets owing to the difficulty of cultivation, etc.?

Mr. OXNARD. That is one reason, and another reason is no new factory starts off and works well without difficulty. You have difficulty with new machinery until it gets worn down, and the principal labor employed in those factories is not skilled in this work, and you have to educate them, as it were.

The CHAIRMAN. What are you paying for beets at the factories in California?

Mr. OXNARD. About \$5.20.

The CHAIRMAN. What amount in Colorado?

Mr. OXNARD. \$4.75; something like that.

The CHAIRMAN. And what in Michigan?

Mr. OXNARD. I do not know about Michigan. There are gentlemen here who will state in regard to that. I should say the price is about \$5.15 in Nebraska.

The CHAIRMAN. What percentage of saccharine matter is in the beets in California?

Mr. OXNARD. It varies tremendously. I can show you two factories only a hundred miles apart where this year one of them has as high a saccharine content as 16½ per cent and the other 13 per cent, and they are within a hundred miles of each other. The Chino factory has 13 per cent and the Oxnard factory has 16½ per cent.

The CHAIRMAN. Do you know what it will average in Michigan?

Mr. OXNARD. There are other gentlemen here who will follow me and give those facts.

The CHAIRMAN. Where there is 13 per cent of saccharine matter in the beets in your factory in California, what percentage of refined sugar do you get?

Mr. OXNARD. That varies considerably—all the way from 220 pounds up to 270 pounds.

The CHAIRMAN. Is that according to the efficiency of the machinery?

Mr. OXNARD. No, sir; according to the sugar which is originally in the beet, and also in the efficacy of the machinery. Let us see if I have not got some data on that which will settle that question right away. I will give you particular instances. At Chino this year, with the poor material in California, we got 220 pounds of sugar extraction.

Mr. NEWLANDS. From what?

Mr. OXNARD. From a ton of beets; 220 pounds to the ton of 2,000 pounds, of refined sugar; and at Oxnard, the other factory, where we had 16½ per cent of saccharine matter in the raw material, we got 263 pounds.

The CHAIRMAN. Now, are you able to say—

Mr. OXNARD (interrupting). I just as lief give the cost—4.11 for one and 5.18 for the other.

The CHAIRMAN. What is that?

Mr. OXNARD. The cost of production—4.11 in one instance and 5.15 in the other.

The CHAIRMAN. What is the average?

Mr. OXNARD. Four dollars and four cents.

The CHAIRMAN. That is this year; was it so large a percentage of cost in 1899?

Mr. OXNARD. As I said, it varies, because one year we paid a good deal more for raw material, upward of 35 per cent more; and the other factor is that we paid all the way from 25 to 100 per cent more for the skilled labor.

The CHAIRMAN. Do you make any use of the pulp?

Mr. OXNARD (continuing). And in one of the factories we only had a quarter of a run, and the expense goes on the same there during the idle season.

The CHAIRMAN. What factory is that?

Mr. OXNARD (continuing). That is the largest factor entering into it; that factory only ran a month or six weeks and was idle the rest of the time.

The CHAIRMAN. What is the reason, not having sufficient beets but for a quarter run?

Mr. OXNARD. We have been having droughts for a year or two, and that was one of the principal reasons that I know of. That same factory is promised this year 10,000 acres, and the farmers are practically satisfied.

The CHAIRMAN. How long has that factory been established?

Mr. OXNARD. About ten years. One of the chief troubles in 1901 was that we had an insect there which destroyed the crop about two years ago almost entirely, at least totally spoiled the crop, and the farmers got a little frightened about planting the beets.

The CHAIRMAN. Has the insect affected it this year?

Mr. OXNARD. No; it is gone now.

The CHAIRMAN. Do you make any use of the pulp?

Mr. OXNARD. We tried to sell the pulp, and we are selling it, and farmers are getting accustomed to using it principally for dairy cows and fattening cattle; but it is a slow process and we do not realize much revenue from that source.

The CHAIRMAN. Have you any arrangement for drying it?

Mr. OXNARD. Not yet.

The CHAIRMAN. I understand that there is such machinery.

Mr. OXNARD. We are looking into it but we can not do everything at once. This is a new industry and we are gradually adopting improved machinery.

The CHAIRMAN. Of course, any improvement of that kind would tend to reduce the cost of beet sugar in the future?

Mr. OXNARD. Absolutely. I have shown you where it costs an individual factory $3\frac{1}{2}$ cents a pound when the conditions were exactly right.

The CHAIRMAN. Do you make any use of the leaves of the beet?

Mr. OXNARD. No, sir.

The CHAIRMAN. Is not that being done in Germany?

Mr. OXNARD. We consider it better to leave them on the land as fertilizer; just cut them off and let them stay on the land, as they contain a good deal of potash salts.

The CHAIRMAN. Do they not dry them and use them in Germany for food?

Mr. OXNARD. Not the leaves, but the pulp—yes, the leaves, too, I am told.

Mr. SWANSON. In making an estimate of the cost, do you include the interest on capital?

Mr. OXNARD. No, sir; only the depreciation of plant.

Mr. SWANSON. You include that?

Mr. OXNARD. Yes, sir.

Mr. SWANSON. And no interest on the capital invested in the business?

Mr. OXNARD. No; and the cost is 4.04 in all our factories this year.

The CHAIRMAN. How about improvements in machinery; are they making improvements in machinery?

Mr. OXNARD. All the time, and you have to spend a good deal of money every year in keeping up your organization, and that is one of the costs which enter very largely in the cost of production.

The CHAIRMAN. At the same time such improvements ultimately result in economy?

Mr. OXNARD. Eventually; yes, it does.

The CHAIRMAN. Have the improvements in the last ten or twelve years, since you have been in the business, tended to reduce the cost of beet sugar?

Mr. OXNARD. I think without a doubt.

Mr. STEELE. What is the cost of a first-class beet-sugar factory ready to operate, including capital to operate it?

Mr. OXNARD. If you will tell me how sugar prices are going to go I will tell you how much capital it requires, but if you have to store sugar it means an enormous investment of capital to carry it. That is another factor which has entered largely into the increased cost of production. We have to carry beet sugar, and that means millions of dollars in money.

Mr. STEELE. Well, leave that item out.

Mr. OXNARD. I should say, in round figures, \$1,000 a ton for a factory of 1,000 tons, which is probably the most economical unit, and say between \$550,000 and \$600,000 for a 500-ton factory with all the best machinery.

Mr. STEELE. I see you say there is a hundred million of capital invested in this business?

Mr. OXNARD. To-day in the United States—I said \$30,000,000 in beet sugar. I said \$130,000,000 was invested in home sugar, and I was estimating Louisiana at a hundred million dollars; but I am told by Louisiana gentlemen that that is too low.

Mr. STEELE. How many millions do you say are invested in the beet-sugar industry?

Mr. OXNARD. I say \$30,000,000.

Mr. STEELE. I made a note at the time, but I misunderstood you.

Mr. OXNARD. I said \$130,000,000 in all in the sugar industries in the United States.

Mr. STEELE. A hundred million dollars in beet sugar?

Mr. OXNARD. No; a hundred million dollars in cane sugar and thirty million dollars in beet sugar.

Mr. SWANSON. Can the beet-sugar industry successfully compete with cane sugar produced in Cuba?

Mr. OXNARD. I will answer it in this way. In my opinion, if we are given time—this is a very important factor, and I lay stress on that—to develop the beet-sugar industry; a certain number of years, not less than ten, if we had to compete in a protected market with Cuban sugar that was manufactured under free-trade conditions and sold in a protected market we could not; but if Cuba were at that time annexed and had all the conditions of labor and supplies that we would have to pay for, I suppose we could. To prove that I point to Germany. Sugar from Germany to-day can be imported, granulated sugar, at about 2 cents.

Mr. SWANSON. That is on account of bounties paid?

Mr. OXNARD. That is largely the cause, but I have seen figures stating that sugars could be produced in Europe without bounties for from 2 to 2½ cents.

Mr. SWANSON. Do you think the beet-sugar industry in Germany to-day, in a free market, without bounties, could compete with cane sugars in Cuba?

Mr. OXNARD. You mean to say under absolute free trade?

Mr. SWANSON. Absolute free trade, on a free-trade market, permitting the German beet sugar to come in a free market, and the Cuban cane sugar, could the German sugar compete with the cane sugar?

Mr. OXNARD. That is very hard to answer; it is impossible to answer; it is only guesswork. It would not surprise me if it could, because the prices of sugar in the entire civilized world have been brought down by beet sugar, of course with artificial stimulation and their very high taxes at home. They have a system of taxes by which you can not get a pound of foreign sugar in there. There is a 4-cent tariff, which is twice as high as this country. Germany taxes her home sugar and gives it back to the beet-sugar factories in order to help the agriculture of Germany.

Mr. SWANSON. Is not the industrial depression which has been produced in Germany on account of the artificial tampering of the beet-sugar industry in Germany to-day?

Mr. OXNARD. I do not think so. I do not believe that.

Mr. McCLELLAN. If the duty on raw sugar is reduced between Cuba and the United States, what will be the effect upon the price of refined sugar?

Mr. OXNARD. Will you state what reduction?

Mr. McCLELLAN. We will state first, free raw sugar.

Mr. OXNARD. It will be imperceptible.

Mr. McCLELLAN. Then how will you be injured by the price of refined sugar remaining the same?

Mr. OXNARD. I will tell you how. Because capital would go into Cuba and the Cuban industry would be artificially stimulated up to a point of producing what the United States would use, and filling the markets and driving us out as long as she was not annexed and could work under either semi-coolie or slave-labor conditions, and we had to pay a high price for labor. It is a fact that the whole cane-sugar industry of the world never thrives very well except with semi-slave labor. The history of it has been so, unless they worked under some sort of semi-servile coolie-labor conditions.

Mr. McCLELLAN. Then a reduction of less than that would affect the price still less?

Mr. OXNARD. I said I did not think it would affect it hardly any to the consumer; I do not believe it would.

Mr. McCLELLAN. Say there was a reduction of 50 per cent, would that practically have any effect?

Mr. OXNARD. Not to the consumer, in my opinion.

Mr. METCALF. Who will get the benefit, in your opinion?

Mr. OXNARD. In my opinion the sugar trust and the merchants who control these factories in Cuba who lend their money to do the work.

Mr. METCALF. We allowed Hawaiian sugar to come in free in 1876, did we not?

Mr. OXNARD. Yes, sir.

Mr. METCALF. Did that result in a reduction of the price to the consumer?

Mr. OXNARD. No.

Mr. METCALF. Who received the benefit?

Mr. OXNARD. The refiners and the Hawaiian planters, but exactly in what proportion they got it I do not know; but the consumer got absolutely no benefit of the reduction of raw sugar from the Hawaiian Islands.

Mr. METCALF. Now, how many factories are you directly interested in?

Mr. OXNARD. Five.

Mr. METCALF. You stated outside of the factories in which you are interested there are about thirty beet-sugar factories in the United States. Are you not mistaken; are there not about 39 or 42?

Mr. OXNARD. I stated about that.

Mr. McCLELLAN. But you are only a stockholder in five?

Mr. OXNARD. Yes, sir.

Mr. SWANSON. Right there, the consumer would get the benefit of the reduction if we would allow raw sugar to come in free and also reduce the differential on refined sugar so the trust could not charge and take to itself an increased benefit. That would be the proper way?

Mr. OXNARD. Speaking for myself, I would be perfectly willing to see the duties taken off of refined sugar—

The CHAIRMAN. What do you mean, the differential?

Mr. OXNARD. Yes.

Mr. SWANSON. As I understand, the sugar trust mostly buys raw cane sugar and refines it and makes granulated; it does not buy much raw beet sugar?

Mr. OXNARD. Here is all there is in it, and what the trust is getting. Here is what they are getting: Three-fourths of their raw sugar is cane sugar, and there is no refined cane sugar sent to the United States. There is refined beet sugar. Therefore, as we put a countervailing duty against the refined beet sugars, they will get the benefit of that countervailing duty to the extent of three-fourths of it (36 or 37 cents); the trust would get the benefit of three-fourths of 36, or 27 cents a hundred pounds, in addition to the 12½ they actually get on the differential. Now, you must take off about 8 cents from that for the extra tariff they pay on the raw sugar which they do not use, 105 pounds, which is required to make a hundred pounds of granulated. And if you want to know what protection the trust is actually getting, it is about three-tenths of a cent, in my opinion, to-day, under the Dingley bill, if they buy three-fourths cane raws and one-fourth beet raws; and we are willing to have that countervailing duty taken off the European refined.

Mr. SWANSON. If raw sugars are allowed to come, and the countervailing duty on refined sugar is kept as it is at present, the trust has practically a monopoly of refining cane sugar, and the greatest benefit would accrue to the trust under such a programme as that?

Mr. OXNARD. Of course, gentlemen, you see if we allow them to get free raw material from countries that do not send granulated sugars in—and only beet countries do that—we do away with a competitor; and what they want to do is to get all their raw sugar from cane countries.

Mr. SWANSON. All these reciprocity treaties on sugar have been made with cane-producing countries and not with any countries which produce beet sugar?

Mr. OXNARD. Well, I can not answer that question; I do not know.

Mr. SWANSON. Jamaica and all the British possessions, British Guiana, and all the rest of the places where the reciprocity treaties have been made, they have been made mostly with the cane-sugar countries for the benefit of the trust, because these sugars have to be refined.

Mr. OXNARD. I will not say that; I do not know; but I would like to state that the West Indian islands belonging to England where sugar is grown, the sugar industry does not thrive there because their

labor conditions are not such as Cuba. In other words, they are not under semislave conditions, and I believe that one of the greatest setbacks to the cane-sugar industry is when you take away from it the semiservile condition.

Mr. SWANSON. If we are going to trade away sugar and get reciprocity treaties for enlarging the American market, Germany is a better market for American manufactured goods than Cuba?

Mr. OXNARD. European countries, 60 to 1.

Mr. SWANSON. The people consume more?

Mr. OXNARD. As I say, look at the population, 60,000,000 to 1,000,000.

Mr. SWANSON. The people in a temperate climate like Germany buy more clothing, shoes, etc., than people in tropical countries like Cuba?

Mr. OXNARD. Certainly.

Mr. SWANSON. So, if sugar is to be used as a lever to enlarge our markets, you do not think that Cuba, Jamaica, and British Guiana are good countries for that purpose?

Mr. OXNARD. I certainly do not.

Mr. McCLELLAN. I have seen a statement made that all these companies you are interested in have been incorporated in New Jersey; is that the fact?

Mr. OXNARD. Yes, sir.

Mr. McCLELLAN. Now, there is another statement made the other day that you had a refinery which was absorbed by the American Sugar Refining Company. Do you still reserve any interest in the American Sugar Refining Company?

Mr. OXNARD. I do not own a dollar's worth of interest in it.

Mr. McCLELLAN. And have no contract with it even?

Mr. OXNARD. None whatsoever.

Mr. NEWLANDS. I understood you to say that the sugar trust does not refine any beet sugar that is produced in this country; I mean raw beet sugar?

Mr. OXNARD. Except where they own factories themselves, which they do in Watsonville and Sprecklesville; I understand they have an interest there.

Mr. NEWLANDS. I understood you to say that each sugar factory refines its own sugar and these beet-sugar factories are really competitors of the trust in refined sugars?

Mr. OXNARD. Absolutely, and the only real competitor they have.

Mr. NEWLANDS. Now, assuming that the duty is reduced upon cane sugar, the effect of that will be to increase the business of the sugar trust in refining sugar, will it not?

Mr. OXNARD. If you reduce the duty on cane sugar, yes, because it would stop the production of beet sugar to that extent.

Mr. NEWLANDS. Then would the sugar trust have any competitor in the country?

Mr. OXNARD. As I say, I believe that Arbuckle is the only competitor that they have, and I believe they will get him.

Mr. NEWLANDS. Then you regard the existence of these beet-sugar factories and their production of refined sugar as having a tendency to reduce the charges of the sugar trust for refined sugar?

Mr. OXNARD. Undoubtedly; and wherever they come into competition with the beet sugar at that time of the year they immediately lower the price. In this Industrial Commission, Mr. Havemeyer made

the statement when he was asked who controlled the price of sugar in this country, that he did.

Mr. NEWLANDS. I understand the sugar trust charges about 1 cent a pound for refining sugar, does it not?

Mr. OXNARD. You mean it costs them 1 cent?

Mr. NEWLANDS. No; it charges 1 cent.

Mr. OXNARD. You mean the differential which they make for it. At different times—I have not the exact figures here—it is upward of a cent and a quarter and down to a considerably lower point at certain times when they are in competition.

Mr. NEWLANDS. What is the cost of refining that sugar?

Mr. OXNARD. You mean the actual cost of putting it all through the refinery regardless of the tariff and anything else, taking a given number of pounds of raw sugar and working it out through the refinery? I can only say what I think, and that is that in their best factories they can do it as low as three-tenths of a cent and in other factories it is possibly as high as half a cent. It may vary somewhat out on the Pacific coast. You understand that this does not take into consideration the loss they make on the extra number of pounds of waste, but all their competitors have to take those losses into consideration, too.

The CHAIRMAN. How is that?

Mr. OXNARD. It takes 105 or 106 pounds to make 100 pounds of refined sugar. They pay a tariff on the loss——

The CHAIRMAN. You mean the waste?

Mr. OXNARD. They pay tariff on the waste, and you have to deduct that from their protection. The more cane sugar the trust can get into the factories to refine the higher their profit on account of the countervailing duty against the beet refined sugar.

The CHAIRMAN. One of the witnesses before the Industrial Commission put the same margin of cost at sixty-three one-hundredths of a cent. Do you think that about right, including waste, labor, and everything?

Mr. OXNARD. Between fifty and sixty one-hundredths, including waste, because they have to bring 5 or 6 pounds in that they do not get anything out of.

The CHAIRMAN. That is, 96-degree sugar, and 4 per cent of that is in waste, 1 or 2 pounds they can not refine——

Mr. OXNARD. They have to pay for it.

The CHAIRMAN. That goes into molasses, except the pound or two they can not get anything out of?

Mr. OXNARD. Well, somewhere about a half a cent covers it; it varies according to the factory.

Mr. NEWLANDS. You have spoken about the conditions of labor in Cuba as differing from the conditions of labor here?

Mr. OXNARD. Oh, absolutely.

Mr. NEWLANDS. Do you not understand that the wages there now are as high as they are in this country in all occupations relating to the production of sugar?

Mr. OXNARD. No; I do not think so, if we talk about field hands; and another thing is we can not get labor for \$20 or \$22 as they state it—we can not get labor at that price. Our labor in California costs, when we need it, principally when we harvest the crop and when we thin it out as it is called, we have to pay as high as \$2 a day for labor

for farm hands, and during the season we pay them from \$25 to \$30 and their board; so if they pay \$22, which I do not admit, for from a statement which I have seen I believe the cost of labor is somewhat less than that in Cuba, but I do not know how much.

Mr. NEWLANDS. If the production of sugar and the supply of labor is not equal to present requirements, will not the increased production there have a tendency to raise the cost of labor there equal to the cost of labor here?

Mr. OXNARD. Yes; undoubtedly I think that is true.

Mr. NEWLANDS. How will they supply that labor?

Mr. OXNARD. I have pointed to the Hawaiian islands, and how they have been getting people. When they were under the Spanish tyranny, as it were, they did not get many laborers from coolie-labor countries; but one reason was they had plenty of labor in the islands at that time, and I pointed to the fact that as soon as there is necessity for labor in the island that they will not hesitate to bring them in in large quantities, as they did twenty or twenty-five years ago from China.

Mr. NEWLANDS. At one time they did import Chinese labor?

Mr. OXNARD. Yes, sir. They were sold just as slaves. They made contracts with those Chinese laborers for eight years, and when they came in the island you would see a slave selling—this was in the seventies—you would see a slave sold for \$1,000 or \$1,200, and a Chinaman who only had eight years to work would sell at from \$300 to \$350.

Mr. NEWLANDS. Then your contention is, if a reciprocal arrangement is made with Cuba, the labor of this country will eventually be competing with Chinese labor in Cuba?

Mr. OXNARD. Yes, sir.

Mr. NEWLANDS. Now, you said if Cuba is annexed to this country and brought inside of our tariff wall and free trade prevailed, of course—

Mr. OXNARD. Exactly.

Mr. NEWLANDS (continuing). Between all the States of this Union and Cuba that those conditions would be such that the beet-sugar interests of this country could compete with the production in Cuba. On what do you base that? Do you base that on the assumption that American wages will prevail there?

Mr. OXNARD. Exactly.

Mr. NEWLANDS. And also the cost of materials and supplies will be the cost in a protected market instead of in a free-trade-market?

Mr. OXNARD. That is my position exactly, and I pointed to the case of Hawaii, which, by practical test, greatly increased the cost of producing sugar under annexation. I will let the gentleman from Hawaii tell you exactly what it is, but there has been a tremendous increase in the cost since it has been making sugar in a protected market.

Mr. SWANSON. You would prefer having free trade with Cuba than an immense reduction in the tariff. I understood you prefer having Cuba annexed and have free trade as it is between the States of the Union than to have an immense reduction in the tariff?

Mr. OXNARD. I do not hesitate a minute on that point, not one.

Mr. McCLELLAN. Is the price of beet sugar, cost and price, taken into consideration the same through all the beet-raising States?

Mr. OXNARD. No; it varies.

Mr. McCLELLAN. On the cost of the production?

Mr. OXNARD. No; it varies because the price is fixed by the wholesale grocers, and they are fixed by the trust, and the trust controls the

price, but when the beet sugar comes into the market at that time the trust meets competition in order not to be put out of the market, so then the consumer is benefited.

Mr. RICHARDSON. In this official statement, which you admit was signed by yourself and Mr. Cutting—you admit this statement is signed by yourself?

Mr. OXNARD. Yes, sir.

Mr. RICHARDSON. You say: "Our figures"—

Mr. OXNARD. But I do not admit what appeared in the Evening Post to be mine, because it was garbled. I do not know what you are reading from. There was a letter written by the bankers, and I do not admit everything in it—there were inaccuracies, and this is one. They made this kind of a statement: They argued that if sugar was selling at 4 cents, and then it sold for 3 cents, and you could make a profit at 4 cents by reducing the price to 3 cents, or 1 cent a pound, your profit would be reduced 25 per cent—assuming 3 cents was three-fourths of 4 cents, you could make three-fourths as much as at the price of 4 cents. That is absurd; and those are some of the inaccuracies. At 3 cents we would make nothing, of course.

Mr. RICHARDSON. What about this statement:

Our figures based on averages in our factories located in California and Nebraska show that \$2.50 per ton covers the actual expenses of manufacturing sugar, and in the new factory, which is three times as large as the Chino factory, we expect to reduce the cost below \$2.

Mr. OXNARD. Well, gentlemen, those figures were assumed. You must not take assumptions against facts. That is my answer to that question.

Mr. RICHARDSON. Those were the calculations at that time?

Mr. OXNARD. As they showed on paper and showed on the figures.

Mr. RICHARDSON. I understood you to say that the sugar trust, Mr. Havemeyer, instigated this whole fight for the reduction of tariff duties?

Mr. OXNARD. I said that the reason I believe that to be true was because they asked for free raw sugar—

Mr. RICHARDSON. You said that—

Mr. OXNARD (continuing). When they did not ask for any reduction on refined sugar, and I said that any average man would think that that was asked in the interest of the trust. They started this thing—

Mr. RICHARDSON. When did they start this thing?

Mr. OXNARD. It first came out in Willett and Gray's in August, when they suddenly began a propaganda, and prior to that in July at the trans-Mississippi congress in session at Colorado. Mr. Thurber came out there and tried to have a free-sugar platform put in, but it was voted down and declined, so I believe they started long ago to get free raw Cuban sugar.

Mr. RICHARDSON. He is the gentleman engaged in export business?

Mr. OXNARD. Yes, sir.

Mr. Richardson (reading): In the case of Cuba, however, there are weighty reasons of morality and of national interests where the policy should be held to have a peculiar application, and I most earnestly ask your attention to the wisdom, indeed, to the people's needs of providing a substantial reduction in tariff on Cuban imports

into the United States. Cuba has in her constitution affirmed what we desired, that she should stand in international matters in closer and most friendly relations with us than with any other power; and we are bound by every consideration of honor and expediency to pass commercial measures in the interest of her material well being.

That is an extract from President Roosevelt's message. Do you believe the sugar trust or Mr. Havemeyer instigated such a matter as this part of the message?

Mr. OXNARD. Not for a minute.

Mr. GROSVENOR. I denounce such a proceeding as that; that is not a fair question.

Mr. RICHARDSON. Your denunciation does not amount to anything.

Mr. GROSVENOR. I make the point of order on that.

Mr. RICHARDSON. I submit the witness has stated this whole appeal for reduction of tariff duty was instigated by the sugar trust; now I ask if it instigated that part of the message, and I submit it is in order.

Mr. GROSVENOR. I say it is not, and I further say it is a plain effort to get the witness to make an attack upon the President.

Mr. RICHARDSON. That is not true.

Mr. GROSVENOR. That is what it amounts to.

Mr. RICHARDSON. I say it is not true.

The CHAIRMAN. Well, the witness has answered the question.

Mr. OXNARD. I want to say this, that in my argument I stated that if the President had had all the facts before him when he wrote his message that he now has, he would not, in my opinion, have written his message that way.

Mr. RICHARDSON. He was ignorant then?

Mr. LONG. You take the position, then, that he and the Secretary of War were ignorant of the situation?

Mr. OXNARD. I say I do not think the President would want to do anything to help the trust.

Mr. LONG. The Secretary of War did not understand the situation, then, when he made the recommendation?

Mr. OXNARD. I do not think he did.

Mr. LONG. One other question. I believe you stated the admission of sugar free of duty from Cuba would not affect the price of sugar in this country, in your judgment?

Mr. OXNARD. I do not think it would; not to-day, mind you; but it might in the future.

Mr. LONG. And the remission or reduction of 50 per cent on the duty on sugar from Cuba would not affect the price?

Mr. OXNARD. That is a very hard question to answer in detail, only in generalities I do not think it would.

Mr. LONG. In what way would the beet-sugar industry in this country be affected?

Mr. OXNARD. I would repeat my statement that it would be hurt in this way: It would stimulate the production of sugar in Cuba to the point of bringing down the cost of production to a point where the beet sugar could not compete with Cuba unannexed, if there is such a word.

Mr. LONG. Then the danger to the beet-sugar interests in this country are not immediate, but they are in the future?

Mr. OXNARD. Immediate. I believe on the passage of any reduction whatever you would stop the development of any new factories going up.

Mr. LONG. How many factories were in existence when the Dingley law was passed?

Mr. OXNARD. About seven or eight.

Mr. LONG. And there are now how many?

Mr. OXNARD. Forty.

Mr. LONG. How many were built in the year 1901?

Mr. OXNARD. About eight.

Mr. LONG. How many are in process of building now?

Mr. OXNARD. How do you mean in process; to what extent?

Mr. LONG. Projected and contemplated.

Mr. OXNARD. There may be fifty projected, where they have formed an organization.

Mr. LONG. And contracts let?

Mr. OXNARD. There are fifty projected, I am told.

Mr. LONG. And contracts let for the building of those factories?

Mr. OXNARD. Oh, no; they are waiting for that.

Mr. LONG. They are waiting?

Mr. OXNARD. Yes, sir.

Mr. LONG. Do you think the present low price of sugar in the world and the large amount of sugar in Europe will have any effect upon the building of these factories, independent of whatever we might do with this Cuban question?

Mr. OXNARD. That is a hard question to answer. I do not believe it would, because I think anybody who was going into this business would know that the overproduction could not last; that it is a temporary matter, and that sugar was produced below the cost of production.

Mr. LONG. Do you think it is possible the beet-sugar interests of this country could compete with the bounty beet-sugar producers of Europe under the present conditions?

Mr. OXNARD. With a countervailing duty for the bounties under the present tariff, if you ask that question, I believe we can.

Mr. LONG. You can compete with the beet sugar in Europe, but not with cane sugar from Cuba?

Mr. OXNARD. We can not with cane sugar from Cuba under the present conditions to-day; that is, if we take the tariff off. I am speaking of beet sugar with the tariff on.

Mr. LONG. You have seen the census bulletin, have you not, on beet sugar?

Mr. OXNARD. Yes, sir.

Mr. LONG. Issued in 1900?

Mr. OXNARD. Yes, sir; I have not looked at it carefully, and I do not remember all that was in it.

Mr. LONG. What have you to say in regard to the statement in that bulletin as to the price paid by the beet-sugar manufacturers for beets per ton?

Mr. OXNARD. What prices were stated, if I may ask?

Mr. LONG. Well, I want to know.

Mr. OXNARD. I do not remember exactly what prices they gave.

Mr. LONG. I believe they stated that the average price in the States was \$4.39 a ton.

Mr. OXNARD. I believe it was right.

Mr. LONG. I believe that included New York State at \$5 per ton.

Mr. OXNARD. I made the absolute statement we paid over \$5 for our beets this year; so that would not apply to our factories this year; and I understand Michigan pays over \$5.

Mr. LONG. So the statement in the Bulletin as to the payments of 1900 would not apply to payments made in 1901?

Mr. OXNARD. Not at all, and the figures of this year would not apply to next year; it varies.

Mr. LONG. These statements were obtained from the beet-sugar manufacturers, and, I presume, by a Government agent?

Mr. OXNARD. I believe so.

Mr. McCLELLAN. I have just got two questions; in this statement of yours—

Mr. LONG. There is one other question. If Congress in its wisdom should decide to make a reduction or concession on Cuban sugar, in your judgment should that reduction be made on refined sugar as well as on raw sugar?

Mr. OXNARD. Absolutely.

Mr. SWANSON. And on refined sugars imported from other countries, too, I understood you?

Mr. OXNARD. Speaking for myself—for my companies—I would not object to have the differential duty taken off on refined sugar from all countries.

Mr. LONG. I do not want him to confuse my question with yours. If we make a reduction on Cuban sugars do you think the reduction should be made on all sugars from Cuba?

Mr. OXNARD. Yes, without a doubt; but it would not have any material effect, because they do not refine cane sugars directly.

Mr. NEWLANDS. I understand they can not refine there because coal and other things used in the sugar refineries are very dear. Is that so?

Mr. OXNARD. I believe I have heard that stated; but what might happen is, they might make some refined sugar in the factories which might come into consumption in the United States, just as Louisiana does.

The CHAIRMAN. There is plenty of coal in Alabama.

Mr. OXNARD. I think so; but they do not use a pound of coal on the Cuban plantations; they use bagasse; the coal bill is nothing. Mr. Atkins said his coal bill was only \$25.

The CHAIRMAN. What do they use?

Mr. OXNARD. Bagasse. After extracting the sugar from the cane the refuse is taken for fuel, and it is used as coal on those plantations, so the coal bills would not amount to anything.

The CHAIRMAN. Would it have sufficient heat for that?

Mr. OXNARD. They do it continually.

The CHAIRMAN. They do refine in Louisiana. Of course if we take off enough duty to enable them to refine sugar, that would furnish a new occupation in Cuba and add as much to the wealth of Cuba as it would be to relieve the sugar grower if we made a condition where they could refine sugar there?

Mr. OXNARD. I think it would help them; yes.

Mr. SWANSON. While on this subject, I understand the position you take is, if you simply let in raw sugar from Cuba and do not change the differential on refined sugar from the rest of the world, the con-

sumer will not get any benefit from it; the sugar trust could fix the price of the refined sugar in this country?

Mr. OXNARD. Yes, of course.

Mr. McCLELLAN. In this statement, published in the Evening Post, you are quoted as saying:

There is, however, no fear that Cuban production, even under annexation to the United States, can in our day expand to the point where the United States would become exporters of sugar instead of importers, and hence that protection would no longer protect.

Do you still believe that, or have you been quoted incorrectly?

Mr. OXNARD. I never saw an industry recuperate as Cuba did in three years. I took my lesson from the South and I saw how long it took them to recuperate, and it shows what wonderful vitality the sugar interest of Cuba has to-day when the sugar-planting industry in three years comes practically to its highest crop.

Mr. McCLELLAN. Willett and Gray have figured out the protection given to that industry is about 94 per cent. Is that a fact?

Mr. OXNARD. That is the ad valorem protection.

Mr. McCLELLAN. I quote from the Times here.

Mr. OXNARD. Ad valorem when sugars are low does not protect at the time when you want protection, and of course when sugars have fallen throughout the world so much I should not be surprised but what those figures were right in that connection.

Mr. METCALF. I started to ask you a question a while ago. Will you give me the number of acres of land now in cultivation with the sugar beet in California?

Mr. OXNARD. I am going to ask my brother a minute—

Mr. METCALF. Is he going to make a statement later on?

Mr. OXNARD. Yes, sir; and he will answer, but roughly I should think it is about 80,000 acres.

The CHAIRMAN. I think we had better take a recess until half past 1 to-day, as quite a number of gentlemen would like to be heard.

Thereupon the committee took a recess until 1.30 p. m.

AFTER RECESS.

At 1.30 o'clock p. m. the committee resumed its session.

STATEMENT OF MR. HERBERT MYRICK, OF SPRINGFIELD, MASS.,

Chairman of the League of Domestic Producers.

Mr. MYRICK. Mr. Chairman, I wish to occupy five minutes in making five points in favor of the farmers who actually grow beets and sugar cane, who produce tobacco and wool, and cotton, and rice, and fruits and vegetables—the actual producers of these crops.

These gentlemen, I should say, are associated in the League of Domestic Producers, of which I have the honor to be chairman, and which league represents between 2,000,000 and 3,000,000 farmers allied with it.

First, we wish a continuance or protection against tropical competition. If our protection is removed, then take away the protection

from other interests; do not put us on the free list and expect us to vote protection for the other fellow. We farmers are a unit with the dealers in our products, and with the manufacturers of sugar and cigars and other products from our produce, in this demand. And the labor in these industries is also a unit with us, as you saw yesterday; for instance, in the case of tobacco.

We submit herewith the evidence of Mr. Havemeyer, that the sugar trust wants to increase its own subjection while subjecting us to tropical competition.

Cuba is recovering from the ravages of war more rapidly than any nation ever did. Work at good wages exists and exceeds the supply of people willing to labor. The tobacco industry is recovering its old-time proportion and is rapidly increasing and is very prosperous. Cuba is producing sugar more cheaply than any other region. Her plantations and sugar mills are being rapidly restored and, without tariff concessions from this country, the Cuban sugar industry is more profitable than our domestic sugar industry. Thanks to the unexampled humanitarianism of the United States Cuba's future is brilliant with promise. All this appears from the testimony of Cubans and official documents which I propose to file with these brief remarks. An attempt to show the contrary is largely due to the sugar trust and the Cuban tobacco trust, that seek great favors for themselves at the expense of domestic producers. These pretensions have collapsed, absolutely collapsed, in the hearings before this committee—but not until they had imposed upon the President. Now that the truth is known, both parties, the administration and the public, will agree that self-help is all the help that Cuba now needs for her best regeneration.

The reduction in duties on products from the Philippines that would compete with domestic producers should likewise be restricted. A statistical exhibit with references and explanatory notes to substantiate the statements I have made will be submitted herewith.

Mr. McCLELLAN. What would be the effect of absolute free trade with Cuba?

Mr. MYRICK. At the present time?

Mr. McCLELLAN. Yes. You say you do not want to be sacrificed alone. Suppose all the industries were put on the same basis, with absolute free trade with Cuba?

Mr. MYRICK. If you had absolute free trade with Cuba only, you at once subject the domestic producer of tobacco and cigars and fruits and vegetables to Cuban and tropical competition, and you do not give us any advantage on the other side in buying our supplies in the open market.

Mr. McCLELLAN. And you object to being put on the same basis with others; you object equally to that as you do to a reduction only?

Mr. MYRICK. Yes, sir; but if you have free trade with the world we will stand up to it.

(Mr. Myrick presents the following as stated above.)

CONFIRMATORY OF THE ABOVE.

The League of Domestic Producers, while affiliating with the Patrons of Husbandry, Farmers' Alliance, Patrons of Industry, and other agricultural organizations, also with the Cigar Makers' International

Union of America and other labor organizations, is specifically a coalition of the Citrus Growers' Tariff Association, representing the combined horticultural interest of the Southwest and Pacific coast; the New England and other tobacco growers' associations; the Texas and other wool growers' associations; the American Beet Sugar Association; the Savannah River Rice Planters' Association, with which the Louisiana rice interest is now cooperating; Nebraska Sugar Beet Growers' Association; Florida Agricultural Society, a combination of the tobacco, orange, lemon, pineapple, and sugar interests of Florida; the American Cane Growers' Association; Michigan Beet Sugar Association; National Cigar Leaf Tobacco Association; New York State Tobacco Growers' Association; Indiana Wool Growers' Association, etc.

THE SUGAR TRUST'S CRY FOR PROTECTION.

[Industrial Commission hearing, held at Washington June 14, 1899.—Testimony of Henry O. Havemeyer, president American Sugar Refining Company, printed in Volume I (Testimony), Report Industrial Commission, 1900.]

Page 113:

Cuba is a country that can supply the United States entirely with their sugar in three years, and it is a great pity we do not have it and have sugar at 2 cents a pound instead of 5, which we are paying now. That is, if we could have raw sugar coming in from Cuba free, without tariff, we could sell it at 3 and have the raw at 2; it would have to be refined.

EFFECT OF REMOVING THE TARIFF.

Page 115:

Q. Suppose the tariff on refined sugar, the differential, should be removed, what would be the effect?

A. It would kill the sugar industry.

Q. You think if this differential were removed—

A. It would inflict a terrible and infamous wrong upon 100,000 people dependent upon it. It is merely truckling to a miserable clamor—a bugaboo—this babble about trusts.

Q. Will you be a little more specific as to the way in which it would affect them?

A. It would permit America to be the dumping ground of all the beet sugars in Germany, Austria, France, and Russia; it would reestablish the sugar refining industry of Great Britain, and everything would go to them in the way of labor to supply to 70,000,000 people over 2,000,000 tons of sugar, and it would be taken out of 100,000 people that are living upon it to-day. It would simply be an infamous atrocity.

Q. You think the sugar industry is practically dependent upon this one-eighth of a cent differential?

A. It is indispensable. Let there be the slightest cause for any interruption in the refining business here so that prices advance, and we would be inundated at once with foreign product, because one-eighth of a cent is inadequate; we ought to have one-quarter. One-eighth is not what we ought to have.

Q. It is only what you could get?

A. No; it is getting something we do not want to have. That was the object of the law.

COMMENT ON THE ABOVE.

In this testimony, the president of the sugar trust baldly stated the truth. If the trust can get its raw sugar from Cuba admitted free, Mr. Havemeyer says the trust will buy Cuban raws at 2 cents per pound and sell the same at 3 cents after being refined, thus giving the trust a protection of 1 cent per pound in place of one-eighth cent as at present. Thus, the trust aims at increasing its own protection eight-

fold, while depriving domestic producers of all protection. This 1 cent a pound, or \$20 a ton, would give the refiners' monopoly a profit of \$40,000,000 a year, or \$35,000,000 annually more than the present one-eighth cent refiners' differential.

Mr. Havemeyer also goes into hysterics over the effect upon the trust of removing the tariff on the refining process. He says it would kill the whole domestic business of refining imported raw sugar, upon which he says 100,000 people are now dependent. But this is exactly the position also of not only domestic producers of sugar beets and sugar cane, and the manufacturers of sugar from that raw material, but the same is very largely true of the producers of cigar leaf tobacco, cigars, cigarettes, fruits, vegetables, and other produce, the domestic market for which is threatened by tropical competition.

How infinitesimal is the business of merely refining imported raw sugar compared to the capital and people already employed in domestic sugar production alone, not to mention these other threatened industries. Now, if the trust finds protection so essential to its business, how much more necessary is protection to these infinitely larger domestic industries that represent many times the capital and labor actually employed in the mere refining of imported sugar? Indeed, Mr. Havemeyer testifies (p. 118) that the refining of all sugar consumed in the United States could be done in refineries that would cost only \$35,000,000, while new estimates place the sum at one-half this figure.

THE SITUATION IN CUBA.

“WORK AT GOOD WAGES EXCEEDS THE SUPPLY OF PEOPLE WILLING TO LABOR.”

For confirmation of this statement, see evidence before the Ways and Means Committee, January 15, 16, given by Cuban representatives. In spite of the fact that more than 60,000 immigrants have come to Cuba from Spain and the Canary Islands since the war (p. 75, report of hearing January 15, 16), the demand for labor exceeds the supply.

All through the testimony referred to the improvement in the wages of labor is emphasized. In fact, from \$20 to \$30 per month is paid for labor on Cuban sugar plantations. All who want work can get work.

Certainly the masses in Cuba are not in the starving and wretched condition that has been represented by the agents of the sugar trust and the Cuban tobacco trusts. If any of those people are suffering, they only need to go to work. All the testimony of the Cubans themselves is to the effect that there is plenty of work.

The real trouble seems to be that there is an indisposition to labor on the part of a large element of the population and a desire to be supported by favors from the United States. For instance, on page 21 of the testimony at hearings January 15, 16, Mr. Atkins testifies that there are some 15,000 holdings of small farmers, supposed to raise sugar cane—“little places, all the way from 30, 40, or 50 acres.” Mr. Atkins goes on to say:

I am sorry to say the cane they raise is not sugar cane. They live on these little places, and where they have a little place they do not raise much of anything, in my experience. They could in our district, for instance, raise corn and potatoes and find a market for them on the spot, but as a rule they are not disposed to do that. The small landed proprietor is generally uneducated and has a family round him there, and lives the life of a gentleman at ease.

That this is a true statement of a large percentage of the rural population in Cuba is well known to all familiar with conditions on the island. It is not for the interest of these people that anything be done to make life still easier and more indolent. On the contrary, they have only to put forth a tithe of the effort required by our domestic farmers to secure a relatively much larger return for their labor.

"THE TOBACCO INDUSTRY HAS RECOVERED ITS OLD-TIME PROPORTIONS—IS RAPIDLY INCREASING AND VERY PROSPEROUS."

For confirmation of this statement, see Herbert Myrick's analysis of the tobacco situation in Cuba in his remarks before the Ways and Means Committee at the tobacco hearing January 21, in the preceding pages of this document.

Other evidence is therein given to show that 60 per cent of the cigar industry of Cuba is controlled by an English syndicate, 30 per cent by an American syndicate, and only 10 per cent by Cubans and all others. Official data cited in Mr. Myrick's testimony, January 21, shows that the production of tobacco on the island of Cuba in 1901 was larger than prior to the late war, and that prices are higher than for years. No evidence of any kind has been brought out at the hearings to indicate that the tobacco industry of Cuba was in anything but a prosperous condition. On page 97, hearings of January 15, 16, Mr. Placé testifies in so many words, that there is no depression in regard to tobacco.

Cuba's export trade in tobaccos and manufactures thereof is increasing by leaps and bounds with every country, as shown by the statistics cited in Mr. Myrick's testimony, January 21. The tobacco industry on the island has also been enormously benefited by the prohibitory duty of \$5 per pound against all tobacco or its manufactures imported into Cuba, whether from the United States or any other country. This prohibitory tariff was erected for the benefit of Cuba's tobacco industry by the military administration. That this tobacco industry is capable of enormous expansion at great profit, without tariff concessions from the United States, is apparent to all.

BRILLIANT PROMISE OF CUBA'S SUGAR INDUSTRY.

The Cuban testimony above referred to, and all official documents, agree that with modern and up-to-date methods sugar can be produced more cheaply in Cuba than in any other part of the world. Mr. Atkins admits (page 18) that he made very handsome profits on his sugar plantations in Cuba in 1901. Miguel Mendoza testified to making a profit that would be considered very satisfactory in this country, although his testimony shows that his management is more or less careless and extravagant from the American standpoint.

The remarkable recuperative powers of the sugar industry in Cuba are shown by the fact that while its production of sugar was almost annihilated by the war, in 1899–1900 Cuba made 300,000 tons; in 1900–1901 the production exceeded 600,000 tons, while for 1901–2 the product is estimated from 800,000 to 900,000 tons. This last is almost as much as the million-ton crop of 1894, the largest ever produced.

Cuban testimony all agrees to the effect that the island can produce all the sugar the United States consumes, now about 2,300,000 tons annually. The highest estimate of the Cubans before the Ways and Means Committee was that Cuba could produce 4,000,000 tons of sugar per annum. Since less than 2 per cent of its cultivable area is required to produce the million-ton crop, it is safe to say that the possibilities of sugar production in Cuba are practically unlimited.

THE LOW PRICE OF SUGAR.

The low price of sugar is world wide. It is due to the enormous European overproduction of beet sugar and to the unprecedented increase in cane sugar production in the Tropics. Much has been said about the bounty system of Europe, but attention has not been properly directed to the significant developments in cane sugar production in Africa and Asia.

The following table shows the imports of sugar into the United States from various countries for a two-year period before, during, and after sugar was admitted free into the United States.

[In millions of pounds.]

Country.	1889-1890.	1892-1893.	1899-1900.
Europe	969	759	1,451
West Indies	2,982	4,757	2,801
South America	573	612	597
Asia	208	326	2,191
Hawaii	468	551	487
Philippines	446	320	101
Africa	44	25	800
All other	10	70	89
Total	4,795	7,420	6,597

Observe that while our supply of beet sugar from Europe for the two years 1899-1900 was practically double that under two years of free trade (1892-1893) our receipts of cane sugar from Asia were over ten times as much as ten years ago, and from Africa seven times as much. Indeed, this product of yellow and black labor from Asia and Africa now constitutes nearly 40 per cent of our total imports as against only 5 per cent a decade since.

WORLD'S SUGAR PRODUCTION.

Average annual production for the first four years of the past decade, compared with last four years and with estimated production in 1902.

	1890-1893.	1898-1901.	1902.
	Tons.	Tons.	Tons.
Beet sugar	3,250,000	5,250,000	7,200,000
Cuban sugar	800,000	500,000	1,000,000
Other cane	1,700,000	2,500,000	2,500,000
Total cane	2,500,000	3,000,000	3,500,000
Aggregate supply	5,750,000	8,250,000	10,700,000

Thus, while Europe has been rapidly increasing its production of beet sugar, the sugar-cane regions of the world increased their production quite as rapidly as Cuba's sugar supply was curtailed by the late war. In the early nineties Cuba produced an average of 800,000 tons of cane sugar per year, the rest of the world producing 1,700,000 tons, making a total of about 2,500,000 tons of cane sugar as the world's production. But by the time Cuba's product had fallen off from 1,000,000 tons in 1894 and again in 1895 to 300,000 tons in 1898, other cane-sugar producing regions had increased their production by some 800,000 tons, so that from 1897 to 1900, inclusive, the production of sugar cane shows an increase to an average of fully 2,500,000 tons. Thus the other sugar-cane regions are now making as much sugar as the whole sugar-cane world did ten years ago.

THIS REMARKABLE CHANGE IN THE WORLD'S SUGAR CONDITION

is partly due to the system of countervailing duties to offset European export bounties, which has been a feature of the United States tariff policy since the Dingley Act of 1897.

Mr. E. F. Atkins, who has had much to say on behalf of Cuban sugar, has an article in the Monthly Summary of Commerce and Finance of the United States for July, 1901, in which he properly admits that the effect of our countervailing duties upon bounty-fed sugars has been to raise the value of cane sugar as against the beet sugar, and to place Germany and other European sugar countries in exactly the same position, as far as the United States market is concerned, as if no bounties were paid by them. This, in effect, is a special protection on cane sugar shipped to the United States market equal to Europe's bounties.

This is an advantage of from one-third to one-half cent per pound on Cuban sugar that it did not enjoy prior to 1898. But now we are asked to protect the Cuban sugar barons, not only against the competition of European beet sugar, but also against the cane sugar of Africa and the East Indies.

A TEMPORARY CONDITION.

The present unprecedented cheapness of sugar is regarded by all concerned as merely temporary. Why upset permanently the economic policy of the United States to tide over a dull market the speculators who have invested largely in Cuban sugar plantations at ridiculously low prices? Why pay them a bounty (in remission of duties) equal to four to eight times the value of the sugar-cane land. (Page 88, hearings of January 15.)

GRASPING NATURE OF CUBAN DEMANDS.

Under these temporarily low prices, and with old methods of production, the utmost loss claimed by Mr. Mendoza on this year's sugar make in Cuba is 85 cents per 100 pounds of sugar (p. 67). To offset this extravagant estimate the Cuban sugar barons ask for a tariff rebate or concession of \$1.62 per 100 pounds!

For the owner of a plantation in Cuba to beg from Congress 100 per cent more than he needs to cover his own estimate of loss is

called "humanitarianism" by those who denounce as "selfish" domestic producers who protest against being sacrificed to such an unjust proposition.

THE BOUNTY SYSTEM DOOMED.

While the international sugar conference, now in session at Brussels, may not abolish the bounty system, official notice has been given that France and England will impose countervailing duties.

If this is done Cuban sugar will have the great market of England available for Cuban sugar under the protection of duties equal to European bounties.

Messrs. Atkins, Mendoza, and other Cuban authorities unitedly testify that under such conditions Cuban sugar can compete with European beet sugar.

OFFICIAL CONFIRMATION OF MR. MYRICK'S STATEMENT.

From an exhaustive investigation into Cuban conditions made by competent English experts, and cited on pages 212-214, Commerce and Finance of the United States, monthly report, Treasury, Bureau of Statistics, for July, 1901, it is understood that large amounts of English capital have been invested in Cuba on the strength of this report:

The results of the past two years have shown that, however severely individual properties may have suffered from the insurrection, the sugar industry as a whole was not crippled by it to anything like the extent that was imagined. Especially has this proved to be the case with the manufacturing branch of the industry, and it is now, I believe, generally admitted that, without taking into consideration some new "centrals" which are being erected, the capacity of the sugar factories which have survived the insurrection is sufficient to meet the requirements of as large a crop as has ever been raised in the island.

On the other hand, the replanting of the cane fields has been effected on a far larger scale and with much less expenditure than was at first thought to be possible, so that in spite of the bad fortune which attended the 1899-1900 crop, planters are confidently anticipating for next year (1901) an output which will come within measurable distance of those of 1893 and 1894. [NOTE.—This anticipation is realized.—H. M.]

A PROFIT IN SUGAR AT EVEN LOWER PRICES.

It will be seen that according to the foregoing rate of cost, which I have no reason to believe is exceptionally cheap, sugar can be produced without loss, even if with little or no profit, at a price considerably below the lowest ever yet reached. If steps, then, were taken by a Cuban government to still further reduce this cost by the admission of machinery into the country free of duty, by legislation tending to cheapen the cost of living, and therefore also of labor, and by trying to obtain from the railway companies more favorable rates of freight, not only for sugar but for cane as well, there seems to be no reason why Cuban sugar might not eventually be able to compete successfully with beet sugar, the manufacture of which has already reached so high a degree of perfection that there is not much likelihood of its being produced much more cheaply than it is to-day.

On the other hand, now that the experience of the past few years, while teaching the Cuban planter the necessity for economy and for strict attention to the details of administration, has taught him also that a sugar estate, conducted on business principles and not as a residential property, is still capable of yielding splendid returns, there seems to be no limit to the possibilities of future production here.

With an increasing supply in Cuba and a decreasing market in the United States, it is evident that a time must arrive, and is not in my opinion far distant, when there will be a surplus of Cuban sugar which will have to find purchasers in Europe. The real struggle with beet sugar will then take place, and I venture to think that

the best preparation for it will be found in the education of the planter with a view to his obtaining the highest possible results from the cultivation of the cane, and in the adoption of some such measures by the Government as already indicated to cheapen the present cost of production.

Quantity and value of the sugar crop of Cuba, 1885 to 1900.

[From Habana Revista de Agricultura, May 1, 1901.]

Year.	Quantity.	Value.	Value per ton.	Average price per pound abroad.*
	<i>Long tons.</i>			<i>Cents.</i>
1885	631,967	\$39,653,200	\$62.74	2.67
1886	731,723	41,508,800	56.72	2.84
1887	646,578	36,474,700	56.41	2.50
1888	656,719	45,219,900	68.85	2.75
1889	560,333	46,314,200	82.65	3.21
1890	632,368	40,137,900	63.47	3.28
1891	819,760	53,220,300	64.92	3.03
1892	976,789	64,220,000	65.74	2.93
1893	815,894	59,481,900	72.90	3.09
1894	1,054,214	57,508,100	54.55	2.92
1895	1,004,264	42,070,900	41.89	2.15
1896	225,221	12,123,300	53.83	2.29
1897	212,051	9,543,100	45.00	2.01
1898	305,543	13,877,900	45.42	2.55
1899	335,668	17,244,800	51.37	2.39
1900	300,073	17,683,500	58.59	2.49

* As stated by Bureau of Statistics, Treasury Department.

Observe that even to-day's lowest prices do not show as great a decline from normal values as the American farmer has frequently had to meet in selling his wheat, corn, oats, cotton, tobacco, and other staples.

Quotations for raw and refined sugar.

[Willett & Gray. Annual average prices per pound at New York.]

Year.	96° centi-grade.	Granulated.	Difference.
1880	8.206	9.602	1.396
1881	8.251	9.667	1.416
1882	7.797	9.234	1.437
1883	7.423	8.506	1.083
1884	5.857	6.780	.923
1885	5.729	6.441	.712
1886	5.336	6.117	.781
1887	5.245	6.013	.768
1888	5.749	7.007	1.258
1889	6.433	7.640	1.207
1890	5.451	6.171	.720
1891	3.863	4.691	.828
1892	3.311	4.346	1.035
1893	3.689	4.842	1.153
1894	3.235	4.119	.884
1895	3.258	4.140	.882
1896	3.631	4.539	.908
1897	3.553	4.481	.928
1898	4.149	4.976	.827
1899	4.418	4.921	.503
1900	4.666	5.320	.754

World's sugar crop.

Year.	Beet.	Cane.	Total.
	<i>Tons.</i>	<i>Tons.</i>	<i>Tons.</i>
1840.....	50,000	1,100,000	1,150,000
1850.....	200,000	1,200,000	1,400,000
1860.....	400,000	1,830,000	2,230,000
1870.....	900,000	1,850,000	2,750,000
1880.....	1,810,000	1,860,000	3,670,000
1890.....	2,780,000	2,580,000	5,360,000
1891.....	3,440,000	2,785,000	6,230,000
1892.....	3,344,000	2,769,000	6,113,000
1893.....	3,786,000	3,260,000	7,040,000
1894.....	4,691,000	3,137,000	7,824,743
1895.....	4,232,000	2,556,000	7,028,346
1896.....	4,285,429	2,909,577	7,195,006
1897.....	4,916,496	2,832,857	7,749,353
1898.....	4,831,734	2,865,296	7,707,070
1899.....	4,982,101	2,958,550	7,440,651
1900.....	5,535,000	2,839,500	8,374,500
1901.....	6,638,413	3,060,634	9,699,047
1902 (estimated).....	7,200,000	3,500,000	10,700,000

Exportation of raw sugar from the island of Cuba during the fiscal years 1899-1900 and 1900-1901.

[Prepared by Division of Insular Affairs, War Department, January 9, 1902.]

Country.	Fiscal year 1899-1900.		Fiscal year 1900-1901.	
	Tons.	Dollars.	Tons.	Dollars.
United States.....	308,788	17,955,592	499,645	27,031,041
Germany.....				15
France.....		19		5
Spain.....	44	4,815	9	780
Honduras.....	1	102	5	300
British West Indies.....	30	1,642	3	220
Colombia.....	2	121	25	1,814
Uruguay.....			7	406
Canary Islands.....	1	100		
Total.....	308,866	17,962,691	499,694	27,034,081

Commerce between Cuba and the United States.

[From p. 223 Monthly Summary of Commerce and Finance of the United States, July, 1901.]

Year.	Exports of merchandise from United States to Cuba.	Imports of merchandise into the United States from Cuba.		
		Free.	Dutiable.	Total.
1881.....	\$10,999,276	\$519,390	\$62,484,014	\$63,008,404
1882.....	11,775,073	656,042	69,794,510	70,450,652
1883.....	14,567,918	785,829	64,758,705	65,544,534
1884.....	10,562,880	1,484,638	55,696,859	57,181,497
1885.....	8,719,195	1,786,049	40,520,044	42,306,093
1886.....	10,020,879	1,765,751	49,345,029	51,110,780
1887.....	10,138,930	2,033,205	47,482,229	49,515,434
1888.....	9,724,124	2,066,379	47,252,708	49,319,087
1889.....	11,297,198	2,405,425	49,725,198	52,130,623
1890.....	12,669,609	2,761,711	51,089,880	53,801,591
1891.....	11,929,605	26,044,502	35,669,393	61,714,395
1892.....	17,622,411	66,140,835	11,790,336	77,931,671
1893.....	23,604,094	66,049,369	12,657,137	78,206,506
1894.....	19,855,237	67,418,289	8,259,972	75,678,261
1895.....	12,583,260	17,684,765	35,186,194	52,871,259
1896.....	7,312,348	2,074,763	37,942,967	40,017,730
1897.....	7,599,757	1,270,059	17,136,756	18,406,815
1898.....	9,233,894	276,000	14,956,477	15,232,477
1899.....	17,247,952	1,031,713	24,377,115	25,408,828
1900.....	25,236,808	1,854,373	29,517,331	31,371,704
Total.....	262,650,010			1,031,703,000

Rates of duty on best grades of imported sugar.

United States:

1861.....	5 cents per pound.
1862.....	4 cents per pound.
1864.....	5 cents per pound.
1870.....	4 cents per pound.
1874.....	5 cents per pound.
1883.....	2½ to 3½ cents per pound.
1890.....	½ cent duty; bounty on domestic sugar 2 cents per pound.
1894.....	40 per cent ad valorem.

Present duties imposed by other countries:

Germany.....	3½ to 4.75 cents per pound.
Belgium.....	3.94 to 4.36 cents per pound.
Holland.....	4.8 cents per pound.
Russia.....	6.6 to 8.88 cents per pound.
Italy.....	5.25 to 8.35 cents per pound.
Spain.....	4½ cents on foreign.
Spain.....	2.94 cents on colonial.
France.....	6 to 7.45 cents per pound.

The highest figures for the United States are for refined sugar, but raws constitute the bulk of imports. In the figures for foreign countries the smaller amount is for raw and the larger amount for refined sugar.

THE SUGAR TRADE OF THE UNITED STATES.

The figures for domestic production are from Willett & Gray's Sugar Statistics. The domestic crop each year is manufactured into sugar between August and February of the succeeding year. Hence, the figures are for the crop grown in the first year named in the first column, while the imports are for the fiscal year ended the June 30 following. Adding the domestic production and imports gives the total supply of sugar, from which the consumption per capita is estimated. The wholesale value of imported sugar is given as reported by the United States Treasury Department, whose official figures of quantities of imports are also used. The average value per pound of "fair refining" sugar each year is given in the last column. This, multiplied by the pounds of domestic sugar produced, gives the estimated wholesale value of American product, though the figures are probably too high. This, added to the value of imported sugar, gives the total wholesale value of the sugar consumed in the United States each year.

[In long tons of 2,240 pounds, as used in the sugar trade.]

Fiscal year (July 1 to June 30)—	Domestic production.			Imports foreign sugar.	United States consumption.	
	Cane.	Beet.	Total.		Total supply.	Per capita.
	Tons.	Tons.	Tons.	Tons.	Tons.	Pounds.
1880-81.....	92,802	500	93,302	969,082	962,384	44
1881-82.....	127,867	500	127,867	888,416	1,016,283	48
1882-83.....	76,373	500	76,873	954,316	1,031,189	51
1883-84.....	142,297	535	142,832	1,280,543	1,378,375	51
1884-85.....	135,243	953	136,186	1,213,341	1,349,537	52
1885-86.....	100,876	600	101,476	1,200,840	1,302,316	53
1886-87.....	135,158	800	135,958	1,400,108	1,536,066	53
1887-88.....	85,394	255	85,649	1,205,484	1,291,133	57
1888-89.....	167,814	1,910	169,724	1,233,122	1,402,846	53
1889-90.....	153,909	2,600	156,509	1,309,322	1,466,331	53
1890-91.....	136,503	2,800	139,303	1,556,123	1,694,426	66
1891-92.....	221,951	5,359	227,310	1,587,728	1,815,038	64
1892-93.....	165,437	12,091	177,528	1,486,656	1,664,184	64
1893-94.....	285,886	20,453	256,339	1,939,813	2,196,157	67
1894-95.....	271,336	20,453	291,889	1,595,808	1,887,697	64
1895-96.....	324,506	30,000	354,506	1,739,313	2,093,819	63
1896-97.....	282,000	40,000	322,000	2,195,140	2,517,140	77
1897-98.....	310,537	39,684	350,221	1,200,858	1,551,079	62
1898-99.....	252,812	34,453	287,265	1,776,898	2,074,163	63
1899-1900.....	160,400	62,826	223,226	1,793,789	2,017,015	65
1900-1901.....	292,150	24,859	417,009	1,960,014	2,217,200	66

Fiscal year (July 1 to June 30)—	Wholesale value.			Value (average per pound).
	Imported.	Domestic.	Total.	
				<i>Cents.</i>
1880-81	\$83,400,000	\$15,800,000	\$99,200,000	7.58
1881-82	84,400,000	21,800,000	106,200,000	7.62
1882-83	84,300,000	12,500,000	96,800,000	7.25
1883-84	98,300,000	21,500,000	119,800,000	6.76
1884-85	72,600,000	16,100,000	88,700,000	5.27
1885-86	80,800,000	11,400,000	92,200,000	5.02
1886-87	78,500,000	14,900,000	93,400,000	4.88
1887-88	74,300,000	9,000,000	83,300,000	4.70
1888-89	88,600,000	19,200,000	107,800,000	5.05
1889-90	96,200,000	20,100,000	116,300,000	5.73
1890-91	95,100,000	15,700,000	110,800,000	5.01
1891-92	104,100,000	17,200,000	121,300,000	3.37
1892-93	116,200,000	11,500,000	127,400,000	2.81
1893-94	126,700,000	18,400,000	135,100,000	3.20
1894-95	75,000,000	16,900,000	91,900,000	2.60
1895-96	89,200,000	23,200,000	102,400,000	2.92
1896-97	99,100,000	28,900,000	128,000,000	2.29
1897-98	60,500,000	31,300,000	91,800,000	3.10
1898-99	95,000,000	24,700,000	119,700,000	3.71
1899-1900	100,200,000	19,600,000	119,800,000	3.92
1901-2	90,000,000	23,300,000	115,300,000	4.04

Import Duties on Sugar Under Different Tariffs Since 1880.

Grade, etc.	Laws of 1883.*	McKinley law (October 6, 1890— August 28, 1894). ^b	Wilson law (Au- gust 28, 1894—July 24, 1897).	Dingley law (July 24, 1897, in force).
Not above No. 16 Dutch standard.	All not above No. 13 1.40 cents per pound.	Free	40 per cent.....	9.05 cent per pound testing not above 75° and .35 cent for each additional degree.
Above No. 16 Dutch standard.	Every additional degree 0.04 cent per pound.	$\frac{1}{2}$ cent per pound.	40 per cent and $\frac{1}{2}$ cent per pound.	1.95 cents per pound.
Not above No. 16 if export bounty is paid.	13-16, 2.75 cents per pound. 16-20, 3 cents per pound. Above 20, 3 $\frac{1}{2}$ cents per pound.	Free	40 per cent and $\frac{1}{5}$ cent per pound.	No increase.
Above No. 16 if ex- port bounty is paid.	0.6 cent per pound.	40 per cent and $\frac{3}{8}$ cent per pound.	Do.

* Prior to 1883: Not above No. 7, 2.1875 cents per pound; 7-10, 2.5 cents per pound; 10-13, 2.8125 cents per pound; 13-16, 3.4375 cents per pound; 16-20, 4.0625 cents per pound; above 20, 5 cents per pound.

^b Also Bounty of 1 $\frac{1}{2}$ and 2 cents per pound.

STATEMENT OF MR. N. H. STEWART, OF KALAMAZOO, MICH.,

President of the Kalamazoo Beet Sugar Company.

The CHAIRMAN. Please give your full name, residence, and occupation to the reporter.

Mr. STEWART. I am the president of the Kalamazoo Beet Sugar Company, Kalamazoo, Mich., and live in that city. My business is that of an attorney at law.

I am here before you, gentlemen, to represent the State of Michigan in this beet-sugar industry. As citizens of the United States, who feel that they have a right, especially in the way in which they were brought into this industry, they ask the protection of this Government now that they are in it, and that they be not ruined for Chinese, coolie,

or any other labor that is brought in competition with our own farmers and laboring men of the North, where they can not sleep under a fig tree or lay down by the side of their work and receive even \$23 a month, we make this argument to you to-day. These men in our country have families to support and bread to earn; they have to have houses to live in in the winter time, and they have to have food and clothing for their families in the summer.

Now, we have 13 factories in the State of Michigan. Prior to 1898 we had none. The work of the Agricultural Department of the Government of the United States had been in progress some years; it had established in every one of the States an experimental station, Michigan included, at an expense of \$15,000 annually each and at an expense to the Government of the United States of nearly three-quarters of a million dollars or more.

These reports were not only put out by the Government generally, but by and through the State's experimental stations located in Lansing, in my State, until the attention of capitalists and farmers of the State of Michigan was drawn toward this industry. Some enterprising men in Saginaw or Bay City—Mr. Cranage or Mr. Bradley—were the pioneers in that State, and in 1898 they built the first factory that Michigan or the Northwest, in that peninsula, ever saw. That factory was begun and completed in 1898 and took care of a crop of about 2,500 acres of beets.

That was the first introduction of beet-sugar manufacturing in the State of Michigan, and out of that acreage, that produced a little over 5,000,000 pounds of sugar, the producers received, in addition to what they got for their sugar, 1 cent per pound bounty on all the sugar manufactured. There was a law, that had been passed in the State of Michigan in 1897, then in existence giving that bounty to the manufacturer. That law, however, existed but the one year, and only a portion of the sugar produced received the benefit of that law for that period of time.

In the next year, in 1899, there were built eight more factories, two of which were with a capacity of 300 or 350 tons and six of them had a capacity of 500 tons each. Those eight factories cost in the neighborhood of half a million dollars each. They were enterprising enough to go out and get their acreage and they were ready for business for the fall crop of 1899. No, there was one that was not ready, located in West Bay City. That factory was finished, however, so that it took a portion of its crop during the months of January and February, 1900. So we had after the second year nine completed factories in the State of Michigan operating and manufacturing sugar from beets grown in the State.

In 1900 there was one other factory, which made 10 factories in operation that year. In 1901 three more factories were added. So that now we have in actual operation in the State of Michigan 13 factories, and in that period of time, from 1898 to 1901, the acreage grew from 3,000 to 66,400, and the production from 5,000,000 pounds of sugar to over 125,000,000 pounds. It gave to the farmers of the State of Michigan a new impetus. They made more out of the sugar-beet crop than they could out of any other crop. The soil of that State had been cropped with wheat, oats, and corn year after year until these crops became a failure and would hardly pay for plowing and cultiva-

tion, and the beet crop coming in at this time, while it introduced a new species of farming or agriculture, if you please, it was of a higher grade than anything else they had ever done, and they had to learn it. It had the effect as well to improve and better their roads; and the highways of Michigan to-day, as you gentlemen may know if you have gone up in that section, especially around Saginaw and Bay City, are as fine roads as any you will find anywhere, almost as well macadamized as the roads in Great Britain. All that has been done within a few years.

Now, then, I wish to go through something in detail with reference to this cost and expense because, as I understand this committee and Congress, you want to know what the facts are, and I will be willing to make an affidavit, or be sworn before this body, to the statements I make with reference to what I have to say upon this subject. This has not been gotten up for the purpose of deluding somebody, but to give to your honorable body, and the Congress of the United State, the exact facts in relation to this industry as it relates to capital and labor of the State of Michigan and of the United States.

We take the basis, then, of about \$1,000 for each ton of daily capacity for each factory, which means an original investment of \$6,000,000. Working capital, on basis of \$100,000 for a 600-ton plant, \$1,100,000.

This working capital is used in making repairs, purchasing feed, assisting farmers, carrying sugar, and paying labor during the period between campaigns. Total investments by Michigan sugar companies, \$7,700,000 up to this date. We have been three years in doing that.

Agricultural statistics show 66,400 acres of land under cultivation; 16,848 contractors or families raising beets. Now, that multiplied by 5 will give you 84,240 people in the farming districts alone engaged in this business; and that is all within the period of about three years. That averages about—nearly 4 acres to the contractor.

Five hundred and ninety-seven thousand six hundred tons of beets were raised at 9 tons per acre; that is the average; and the sugar contained in the beets is 14.1 per cent on the average. Price per ton, \$5.20, as against \$4 talked about. The law of the State of Michigan when it went into effect required that the manufacturer pay to the farmer \$4 for 12-per-cent beets, and in that ratio as they went up or down. That law went out of existence, as I have said, the first year—1899—and the farmers demanded higher prices, and with that law out of existence the manufacturers voluntarily, to help the farmer out, and to help themselves out, raised the price from \$4, as fixed by the State, to \$4.50, for 12-per-cent beets, and at that same ratio up or down, 12-per-cent beets being the standard.

In 1901 the amount paid to the farmers for the beets was \$3,107,527. That was to farmers alone for that crop of beets.

Now I wish to give the details with reference to what it costs to raise beets and how the money is paid.

We pay for labor \$1.375 per day. For man and single horse, \$2 per day; for man, two horses, and tools, \$2.75 per day. These are average prices. Some pay a little more and some pay a little less. At the above rates the cost of labor for raising these beets averages \$33.25 per acre and amounts to a farmer's pay roll of \$2,208,382. To this should be added a rental value of land at \$5 per acre, making \$38.25 as the actual cost of raising an acre of beets. The average yield for Michigan is 9 tons per acre. The average cost to farmers

per ton is \$3.70. The average returns to the Michigan farmer are 9 tons at \$5.20 per ton, or \$46.80, from which should be deducted the cost of 15 pounds of seed at 15 cents per pound, or \$2.25, leaving net to the farmer \$44.55, or a profit of \$6.30 per acre over the cost of labor and land rental. If the farmer ships his beets to the factory the freight must be deducted from the \$6.30 profit, leaving the final net profit still less.

In reference to that I want to say that in some instances—this is the average—the factory also pays the freight, depending somewhat on the location and where the beets are raised. The above estimate shows 26,966 men, 1,844 single horses, and 4,834 double teams employed during the season. It makes no allowance for bad weather or any kind of accidents attending upon the business. Every man and every team is expected to work every day. The above figures are the minimum, but we have added to cover those, although it does not add to the expense, about 25 per cent. This increase does not mean a corresponding increase in the cost of producing beets, as men and teams are not under pay during unfavorable weather. With this increase the number of men and teams finding employment in raising beets during the summer and fall of 1901 was as follows: Men, 33,707; single horses, 2,305; double teams, 6,042.

The actual number of contractors raising beets for Michigan factories during the summer and fall of 1901 was 16,848. This represents the same number of farmers' families, and on a basis of five members to a family represent 84,240 persons actually interested in the agricultural side of the beet-sugar industry of Michigan.

Now we come to supplies for all these 13 factories. This will show you how it ramifies and enters into the other industries of the United States, and I wish to say here that since 1898 every piece of machinery that goes into the construction of a beet-sugar factory in the United States is made here, taken from the ore, cast, finished labor put upon it, and constructed, save one thing, and that is the automatic scale in the tower that receives the beets from the elevator. With that exception all that machinery is made here, and has been since the Agricultural Department of the United States got us to go into this sort of business.

The estimated yield of beets on 66,400 acres, at 9 tons per acre, is 577,600 tons.

COAL.

In the consumption of coal a 500-ton plant needs about 2,000 horsepower in steam, and steam in our country can only be made by the use of coal. We have no natural-gas wells, nor have we any dried crushed cane to put in our boilers. Coal consumed amounts to 125,496 tons, and it takes about 21 per cent of coal as compared to the weight of beets. This coal comes from Michigan, Ohio, and Pennsylvania mines. The average price is \$2.50 per ton delivered, and it is valued at \$313,740.

LIME ROCK.

In those thirteen factories, during the past year, 41,832 tons of lime rock were used, estimated at 7 per cent of the weight of the beets. This stone comes from Michigan quarries alone. The average price is \$2 per ton delivered, and that amounts to \$83,664.

COKE.

We also have to go to the coke ovens—4,600 tons, estimated at 11 per cent of the weight of lime rock. The average price was \$5.25 per ton delivered, making a total for coke of \$24,150.

SULPHUR.

Two hundred and seventy-three thousand pounds of sulphur, estimated at 200 pounds per day for each factory. The price is $2\frac{1}{4}$ cents per pound delivered. The value would be \$6,142.

FILTER CLOTH.

One hundred and eight thousand five hundred yards at 15 cents per yard; value, \$16,275. That was the total value of filter cloths used.

OILS.

Twenty-six thousand gallons, averaging 25 cents per gallon; value, \$6,500.

WASTE.

Twenty thousand pounds, at 5 cents per pound; value, \$1,000.

CHEMICALS.

Twenty-four thousand five hundred dollars.

OSMOSE PAPER.

This osmose paper, or most of it, comes from Belgium, and that is an appliance used in the factory, and it is the only place where we can get the paper for the osmose process, which is an additional process added to the sugar machinery for the extraction of the juices of the beet. One hundred thousand sheets of this paper, at 10 cents per sheet, makes \$10,000.

MISCELLANEOUS.

Thirty-two thousand five hundred dollars. This includes stationery, blank books, printing, postage, telegrams, telephones, sugar reports, Dun's reports, and traveling expenses.

SUGAR BAGS.

We have to go into the bag factories. We have 20 per cent of sugar output, which means 250,992 bags, at 9 cents each, making \$22,590.

COOPERAGE STOCK.

For 80 per cent of sugar output, 313,737 barrels, price \$7 per thousand for staves, $6\frac{1}{2}$ cents per set for heading, \$9 per thousand for hoops, making a total of \$82,617. Cooperage and lumber gets that much alone.

BARREL LININGS.

Three hundred and thirteen thousand seven hundred and thirty-seven, at $2\frac{1}{2}$ cents, making a value of \$7,843.

SUPPLIES.

For an average Michigan sugar factory, with the daily capacity of 508 tons and actually cutting 46,000 tons in one hundred and five days.

COAL CONSUMPTION.

Nine thousand nine hundred and sixty tons, at \$2.50 per ton, \$24,150.

LIME ROCK.

Three thousand two hundred and twenty tons, at \$2 per ton, \$6,440.

COKE.

Three hundred and fifty-four tons of coke, at \$5.25 per ton, \$1,858.

SULPHUR.

Twenty-one thousand pounds of sulphur, at $2\frac{1}{2}$ cents per pound, \$472.

FILTER CLOTHS.

Eight thousand three hundred and fifty yards of filter cloth, at 15 cents per yard, \$1,252.

OILS.

Two thousand gallons of oil, at 25 cents per gallon, \$500.

WASTE.

One thousand five hundred and fifty pounds of waste, at 5 cents per pound, \$78.

CHEMICALS.

One thousand eight hundred and eighty-five dollars.

OSMOS PAPER.

Seven thousand six hundred sheets of osmos paper, at 10 cents, \$760.

SUGAR BAGS.

Nineteen thousand three hundred sugar bags, at 9 cents each, \$1,737.

COOPERAGE STOCK.

Twenty-four thousand one hundred and thirty-four barrels, stock at $26\frac{1}{2}$ cents per barrel, \$6,355.

BARREL LININGS.

Twenty-four thousand one hundred and thirty-four linings, at 2½ cents per barrel, \$603.

Miscellaneous, including stationery, blank books, printing, postage, telegrams, telephones, sugar reports, Dun's reports, and traveling expenses, \$2,500.

This makes a total for supplies of \$48,590. This is the amount estimated at 46,000 tons, the average cut of a 500-ton plant for one hundred and five days, \$1.06 per ton of beets.

The combined daily capacity of the thirteen Michigan factories is 6,600 tons. To cut this year's supply of beets would require all these factories to run to their utmost capacity ninety and one-half days without any allowance for shut-downs or accidents. The actual average running time for all Michigan factories during the current year is one hundred and five days of twenty-four hours each, which is the same as three hundred and fifteen days of eight hours each, the customary hours run each day by factories and other lines of business.

I wish to say at this point that when the factory is started up and once begins to run your beets come from the sheds between 300 and 400 feet away, float down into the washroom in a trough of water, are elevated to your slicer and from there to your diffusion battery, and they continue to go through the building 280 or 300 feet more, and it comes out granulated sugar, like that in these bottles I have here on the table. It comes in at one end the raw, crude beet, and then goes out at the other end without cessation, if you please, except to go through the process, granulated sugar of 100 purity, as good as Havemeyer or any other man can produce. That has to go on twenty-four hours a day. When once started there is no stop until you have cleaned up your factory, so that your juices will not spoil. As I understand it that will only stand six or seven hours, and if there is a break longer than that you run the risk of destroying \$6,000 or \$7,000 worth of material. But aside from that they run ten or twelve days without a stop, day and night, and then only stop so as to clean the floor.

Now we come to labor. During the campaign of one hundred and five days there are employed in a 500-ton factory the following men, half of whom are on each twelve-hour shift. Owing to the work done just before and after the cutting of beets, the actual campaign for the full force is one hundred and seventeen days. It takes about a week before you start and about a week after you get through with your full quota of men to take care of your crops. This is all labor in the northern part of our country; it is not Chinese or coolie or dago labor, but it is your intelligent labor. This is not the labor you get in the Tropics; the workmen in this beet-sugar industry are men who have homes and families; they can not sleep by the side of their work, or under a palmetto tree; they can not live off the date tree or the banana tree or chew sugar cane. They have their homes to go to, their firesides to take care of. That is the class of men who are engaged in the production of beet sugar.

A MEMBER. These men are voters.

Mr. STEWART. Every one of them are voters.

This is the estimate for labor:

12.—Salaried persons at \$135 per month.

57.—Skilled workmen at \$2.25 per twelve hours.

137.—Common laborers at \$1.80 per twelve hours.

\$50,310.—Actual amount paid for labor and salaries during campaign of one hundred and seventeen days. This plant cuts 46,000 tons beets.

\$1.09.—Average cost of labor during actual campaign per ton of beets.

During the eight months intervening between campaigns there are employed 12 salaried persons at \$135 per month, 10 skilled workmen at \$60 per month, and 8 common laborers at \$40 per month.

\$19,360.—Salaries and wages paid during the eight months intervening between campaigns.

\$69,670.—Total amount paid for salaries and wages during entire year.

\$1.51.—Average cost of labor during entire year per ton of beets.

\$902,376.—Amount paid for labor by the thirteen Michigan sugar factories during entire year.

2,678.—Men employed in the thirteen Michigan sugar factories.

Now we come to repairs. From the experience of Michigan factories it is found that for the four months of the campaign the repairs, exclusive of labor, on a 500-ton plant are \$750 per month, or \$3,000 for the campaign. It is also found that the repairs during the off season of eight months amount on an average to \$12,000, exclusive of labor. All these plants are new, the oldest (the Michigan Sugar Company) being but 4 years old. As time advances the repair account will, of course, materially increase. At the present time such repair, exclusive of labor, amounts to 32 cents per ton of beets, sliced. Sugar machinery is running constantly night and day. That I have already gone through.

Waste and depreciation. On a 500-ton plant this item amounts to \$35,000 per year, at 7 per cent; that is about the sum to charge off to waste and depreciation, or \$1.09 per ton of beets.

Now we come to interest, taxes, and insurance. The investment and working capital of a 500-ton plant amounts to \$600,000. At 5 per cent the interest on the same is \$30,000. The assessed valuation on a 500-ton plant, exclusive of bonded indebtedness, is \$300,000. The average rate of State, county, school, and municipal taxation combined is 3 per cent, or \$9,000. It is little more for the municipal than for the State taxation, but added together, in these towns where the factories are located within the municipal corporation, it is enough more to make up for the difference, and averages about 3 per cent of this assessed valuation. The amount of insurance carried on a 500-ton plant is usually \$500,000; the rate is 85 cents. The amount of insurance carried on sugar in warehouses at factory and elsewhere varies, but is usually about \$75,000 for six months. The rate is 1 per cent for six months.

The employers' liability insurance against accident to workmen is estimated at \$4 to \$1,000 of annual pay roll. This pay roll in a 500-ton house amounts to \$69,670, making this insurance cost \$280 per year. We have to take care of our men and pay insurance to protect them against injury in the factories. This pay roll amounts to \$69,670.

The boiler insurance in a 500-ton house is usually carried at \$40,000; rate, one-third of 1 per cent per year. Cost of premium, \$133.

The amount paid annually for interest, taxes, and insurance in a 500-ton sugarhouse is \$41,913, which, estimated on the tons of beets, price during the present season is 91 cents per ton.

Next we come to brokerage. All sugar is sold by brokers at the uniform rate of 10 cents per barrel, or 3 cents per sack. This expense of 3 cents per hundredweight of sugar is borne by the manufacturer. On the output of a 500-ton plant this item amounts to \$2,898 per year, or 0.063 cent per ton of beets sliced.

The next thing is output of sugar. The average output of sugar per ton of beets at the Michigan factories is 210 pounds, which, for the present season, amounts to 125,496,000 pounds, or 62,748 tons, or 4,183 carloads of 15 tons each. This amount would make a solid train load of sugar 31.6 miles long.

This amount is 75 per cent of Michigan's yearly consumption of sugar. Its value at $4\frac{1}{2}$ cents per pound is \$5,647,320.

Now, with reference to this amount of sugar from a ton of beets, I wish to say this: It varies with the different factories, and whether or not they have additional processes with the regular beet-sugar factories. There is what is called the Osmose and the Stiffins process, and some factories that have not that process will hardly produce 200 pounds per ton of beets, while others will run much higher.

Coming to the cost of manufacturing sugar in Michigan, it costs \$5.20 for 1 ton of beets; \$1.06, cost of supplies per ton of beets; \$1.51, cost of labor for entire year per ton of beets; \$1.09, cost of repairs and depreciation per ton of beets; 91 cents, cost of interest, insurance, and taxes per ton of beets; 6.3 cents, cost of selling sugar per ton of beets. This makes a total cost per ton of beets of \$9.833. Total cost per 100 pounds of refined sugar, \$4.682.

The above estimate includes 5 per cent interest on the total capital invested, and 7 per cent annual depreciation on the value of the plant. Leaving out these two items, the cost of manufacturing each 100 pounds of refined sugar is reduced \$0.671, or to \$4.011.

The selling price of sugar.—The present New York quotation (January 4, 1902) on standard granulated sugar is \$4.75 per 100 pounds. This is rather above the average quotation upon which the Michigan factories have thus far sold the season's output. On the basis of \$4.75, New York quotation, the actual net cash selling price of Michigan sugar in Chicago, the leading market for such sugar, is \$4.623 per 100 pounds. From this must be deducted 3 cents brokerage and the freight from the factories to Chicago, 13 cents, or 16 cents in all, leaving the net cash price of Michigan sugar, f. o. b. the factory, \$4.463 per 100 pounds.

It will be seen by comparing this with the cost of producing such sugar that the average Michigan factory will not this year be able to make the necessary repairs, charge off proper depreciation, and pay 5 per cent interest on the investment.

To reduce the price, and thereby lessen the price of granulated sugar, would compel the average Michigan factory to run at a positive loss in working up next year's supply of beets. These beets are already contracted for at the old price.

Our contracts are out, made with the farmers at the old prices, and any disturbance of this tariff means absolute ruin of the capital invested.

Mr. METCALF. That is upon the assumption that the price of sugar falls as a result of our action.

Mr. STEWART. Yes; now I come to by-products.

The only by-products at present from which Michigan factories derive any income is the final molasses, which equals in gross amount 3 per cent of the weight of beets. Eight factories are now selling this molasses at \$2 per ton f. o. b. the factories. The amount received is not sufficient to pay the expense of wasting the pulp, which expense has not been included in the above estimate. The Bay City Sugar Company last year built a pulp-drying plant at a large expense in order to make pulp merchantable. The experiment was a

complete failure. The Alma Sugar Company is this year trying a similar experiment, and hopes to test its pulp drier before the close of the season. The result is entirely problematical.

I wish to say there are with each one of these factories three by-products, each one of which has value when we can have the conditions and the material to utilize them. First of all, and the greatest, when it may be utilized, is the pulp. That may be considered to be about 80 per cent, I think, of the beet. Consequently, out of a 500-ton plant you have about 400 tons of pulp. That pulp is worth to any dairyman in feeding his stock, or any ranchman, or any fattener of stock, from a dollar to a dollar and a half a ton. It is now all wasted. I do not know of a single factory that sells it or gets anything for it; but some of the factories, and especially, I think, the Alma Factory has to pay, or it did last year pay, \$3,000 to get rid of it. In my own town I know that one of the farmers—one of the most scientific of the farmers—has made the test purposely, and he has found that fifteen days' feeding of beet pulp to his cows has increased the supply of milk they give 1 quart a day.

In order to make the test perfect he dropped it off for fifteen days, and then the cows went back to the normal condition that they gave before he fed them on pulp. He tried it again for fifteen days and the quantity of milk gradually came up again. So, I say, it is a very valuable by-product when you have any way to use it.

Now, the next is what is called the lime cake, or the deposit in the filter press, and that is a very large volume, too, that now goes to waste. That is a good fertilizer, and it has a value which, when we can get the farmers to understand how to use it, will be demanded, and will be another additional income to the factories which will enable us to reduce, if you please, the cost of sugar.

The next is the molasses, about which I spoke.

Next comes the beet seed. On account of the fact that the beet-sugar industry of the United States is of such recent development it is necessary to import all the seed from Europe. The seed is purchased by the factories in the month of December, distributed to the farmers in April, and paid for by the farmer from the sale of beets in the late fall. Sugar companies are thus obliged to advance money for the cost of seed, paying interest on the same from eight to ten months. This beet seed is perhaps the foundation of good beets, and no factory will allow a contractor to go any place he pleases and buy his beet seed. They take the utmost care to find and buy the best seed that is produced in Europe and turn it over to the farmer for what it cost the manufacturer to produce it here. They have to wait upon him for the pay until the beet crop is in, and then it is taken out when you settle with the farmer.

BEET CONTRACTS.

Contracts with farmers for the growing of beets for the campaign beginning October, 1902, have already been made by all the factories at the old price of \$4.50 per ton for beets testing 12 per cent sugar, an additional $3\frac{1}{2}$ cents for each one-tenth of 1 per cent above 12. As the average Michigan beet tests 14.1 per cent, the actual price paid by factories is \$5.20 per ton. To work up beets already contracted for next year with a lower price for sugar, caused by tariff reduction, is to insure a heavy loss upon every Michigan factory.

RAILROADS.

All the coal, lime rock, coke, machinery, general supplies, sugar, and 50 per cent of the beets are hauled by the railroads. The total amount of incoming and outgoing freight averages at each factory \$1 per ton of beets sliced, or, for the State at large, it amounts to \$597,600 for the present year. The valuation of Michigan's output of sugar for the present year, at 4½ cents per pound, is \$5,647,320, all of which goes into circulation and is widely distributed. This is but 75 per cent of the present production of sugar in Michigan. If there were no sugar factories in the State this \$5,647,320 would all leave the State, and a large per cent of it go to foreign countries. By keeping it at home money is easier, general business better, and traffic upon the railroads greatly increased. Last year the Michigan Central Railroad extended one of its branches 20 miles especially to provide beets for the Peninsular Sugar Company at Caro. Several similar extensions have been planned for next season in order to develop new beet tracts. All these proposed extensions are held in abeyance pending the action of Congress upon the question of the tariff on sugar.

That we have reason to know, and it is as true as that we are now in this room. There is not a move being made and has not been made since this subject was started to be agitated in Congress.

GOOD ROADS.

The beet industry in Michigan, covering four years' time, has done more to advance the cause of good roads than has any other industry or movement. This fact is demonstrated by the various systems of gravel and stone roads constructed near sugar factories since the year 1898.

AGRICULTURAL IMPLEMENTS.

The development of the American beet-sugar industry necessitates an entirely new class of agricultural tools and machinery, among which may be mentioned beet seed drills, beet cultivators, beet hose, beet pillows, beet knives, and beet forks. It has also increased the use of wagons, plows, and harrows. I may add that probably next year, if we are let alone, and certainly the year after, there will be a beet planter, so that the farmer may ride along and plant his beets, instead of having to walk. It will be machine work when the Yankee once gets hold of this, so that he may exercise his ingenuity and invest his capital safely, and then you can have a beet field planted and harvested as easily as you do a field planted with one of the cereals.

MACHINERY.

All the machinery in Michigan sugar factories is of American make and put up by American workmen. The machinery in the earlier Western factories was of German make. This change has been made possible by existing tariff conditions. Tariff agitation, which intimidates capital from embarking in the beet-sugar industry, strikes a direct blow at the iron, steel, and implement and machinery industries of the United States. I want to say right here in this connection that there was one factory constructed in 1899 by a German firm at Caro. That

firm was supposed to have been one of the best sugar constructing firms in Germany. When it was done and completed it could not turn out a pound of white sugar. As a result, they were sued in the city of New York. That suit is pending now, and an American contractor had to take that plant at an expense of \$200,000 and refit it, and as soon as he was through the new American machinery worked to perfection there, as it does every place else where you give a Yankee a chance. [Applause.]

RECENT CHANGES IN PRICE OF SUGAR.

All sugar in the Northwest is sold on the basis of the New York quotations.

On October 1, 1900, the New York quotation on standard granulated sugar was 6.15 cents. On January 4, 1902 it is 4.75 cents. This is a depreciation in price of \$1.40 per 100 pounds. This difference, estimated on Michigan's output for the present year of 125,496,000 pounds, amounts to \$1,756,944. Every factory is now paying as much per ton of beets as it did when sugar was quoted at 6.15 cents. This entire shrinkage has been borne by the manufacturers and not by the farmers.

RAW SUGAR REFINERS VERSUS HOME-GROWN SUGAR.

Eastern refiners buy brown sugar either from the Tropics or Europe. They refine it; that is, they change it to white sugar. The cost of this operation is about 40 cents per 100 pounds, which amount not to exceed 50 cents per 100 pounds is paid for labor. This is all the American workmen get from working up sugar in Eastern refineries. The labor required in producing the raw sugar is performed by foreign workmen in foreign countries.

The American beet-sugar manufacturers not only pay farmers for growing the beets, but also make from these beets a finished product—granulated sugar. The actual cost of labor in thus growing beets and the manufacturing of sugar, exclusive of any profit to farmer or manufacturer, is \$2.51 per 100 pounds of sugar. Every dollar paid for labor is paid to American workmen.

Which is the better—to give the American workman a chance to earn 15 cents or to earn \$2.51 on every 100 pounds of sugar used in the United States?

Further, every pound of sugar made by American beet-sugar manufacturers comes into direct competition with the output of the sugar trust. Beet-sugar factories give the American people the only opportunity to secure the benefit of competition in establishing the price of a necessity of life. Crush out these factories and one man will have the absolute power to fix the price which every American family must pay for its sugar. Having this power, it is unreasonable to suppose that he will exercise it for the benefit of the consumer rather than the benefit of the trust which he represents.

One beet sugar factory in a county is enough. This tends to distribute the industry over a wide territory and brings the benefits to the greatest number of farmers possible. If the present tariff remains unchanged there will be 600 of these factories in the United States within the next ten years. To organize 600 factories located in 25 different States into a trust and operate them in a single corporation

is an undertaking impossible even in these times. Moreover, a manufacturing business whose raw material can not be controlled by the trust can not be organized as a trust. The beet-producing land of the United States can never be controlled by a trust.

THE FUTURE OF THE INDUSTRY.

In Michigan the following companies have been organized and have factories in process of construction for the campaign of 1902-3:

	Tons.
Sebewaing Sugar Company, Sebewaing	600
Valley Sugar Company, Saginaw	600
Croswell Sugar Company, Croswell	600
Macomb Sugar Company, Mount Clemens	600
Added daily capacity for next season	2, 400
Present daily capacity	6, 600
Total daily capacity for next season	9, 000

There are four more companies now organized, and these factories are in process of construction. Their beets are contracted for, and the campaign of 1902 will be the first campaign of those factories. There are added to those three other companies which have organized, and one of those companies has paid in 10 per cent of its capital stock, and there they had to stop. None of those factories can move forward another step until this question is settled.

With those factories as they now stand the value of the entire plants, total investment, September 1, 1901, was \$10,500.

Enough acreage has already been secured to give each of the seventeen factories that will be in operation in Michigan next season a run of 120 days at full working capacity. If the average yield per acre is as great next year as it has been for the past two years there will be grown in Michigan next summer 930,960 tons of beets, from which will be made 196,501,600 pounds of granulated sugar, an increase of 55 per cent above the output of the present year. This is a startling showing, but the rate of increase is no greater than it has been since the inauguration of the industry in this State four years ago.

Aside from the four new factories that are actually being constructed, there are four other companies organized and waiting the action of Congress before letting contracts for construction. These projects will be abandoned if the tariff on sugar is reduced.

In the United States.—The consumption of sugar in the United States during the year 1900 was 2,486,228 tons of 2,000 pounds each. The annual rate of increased sugar consumption in this country for the past nineteen years has been 6.34 per cent. At this rate of increase the amount of sugar used in the United States in 1910 will be 4,062,496 tons, or in round numbers 4,000,000 tons. The cane area in our country is able to produce not to exceed 1,000,000 tons annually. This leaves 3,000,000 tons which can be furnished from home-grown beets if tariff legislation remains favorable during the intervening years. Europe, with much less available beet area than the United States, produced in 1900, 5,950,000 tons of beet sugar. Every European country making a success of the sugar industry maintains not only a protective tariff of from 1 cent to 8 cents per pound, but also a direct bounty of from one-fourth of a cent to nine-tenths of a cent per pound. If Europe can produce beet sugar, we can if given an opportunity.

Now, I wish to say here, so far as the agricultural reports show in reference to this industry, beginning with the year 1877, they took the beet with only about 90 per cent of sugar in it, and it cost something like from 8 to 10 cents per pound to produce it. In 1877 and 1878 the sugar in the beet in Germany was only 9.24 per cent; raw sugar, 6.26; cost, 8.8 cents; and in a ton of beets, 20.7 pounds.

These reports show no sugar exported from Germany into this country until you reach the years 1888 and 1899, when 11 tons were exported to this country, and during that time the saccharine in the beet had raised from 9.25 per cent to 13.8 per cent. Now, at the present time, or when this report was made up in 1898-99, the cultivation of the beet in Germany raised it from 9.24 per cent to 13.15 per cent, and instead of costing 8.8 cents per pound it cost 5.3 cents. In 1897 and 1898 they exported into this country 142,907 tons. As their experience went on in the cultivation and the manufacturing of sugar they raised the saccharine in the beet proportionately, and the cost of getting that saccharine out went down proportionately.

What will we Americans do if we have the same length of time to do it in? We will produce as cheap as Mr. Atkins's men or any other poor naked Cuban can do it, whether it is cooly labor or any other kind of labor down there.

To produce 3,000,000 tons of beet sugar annually would require 600 plants, each having a daily capacity of 500 tons of beets. These plants would represent the following investment and annual business:

Investment in plants	\$300,000,000
Working capital	\$50,000,000
Acres of beets	3,000,000
Valuation of land growing the crop.....	\$150,000,000
Tons of beets	27,000,000
Tons of sugar	3,000,000
Value of beets	\$135,000,000
Annual pay roll for labor in factories	\$42,000,000
Tons coal used annually	5,500,000
Tons lime rock used annually	1,890,000
Tons coke used annually	208,000
Freight paid railroads annually	\$27,000,000
Annual payment for bags and barrels	\$8,000,000
Farmers' families raising beets	750,000
Men employed in factories	125,000
Men employed raising beets during season	1,200,000

An industry with such possibilities can be established in the United States within the next ten years. The entire question depends upon tariff legislation. Leave the tariff as it is and the industry is assured. Remove it, and this is impossible. Will this gigantic industry be allowed to thrive and enhance the entire agricultural interests of the country, permeating every avenue of business, or will it be destroyed and the sugar market of the United States surrendered to a trust, whose policy is dictated by one man? If permitted to thrive, the competition between these 600 beet sugar factories will ultimately reduce the price of sugar far below the price it would reach if controlled by a single corporation. Such reduction will come gradually as the development of the business under keen competition will justify. The beet sugar industry stands to-day at the turning point. The trust recognizes this fact and is putting forth every effort to crush the industry. Will Congress stand for the people or for the trust?

Now, we charge that to the trusts for this reason: In my section of the country we have large canneries and we have men who use a large amount of sugar, and we have grocers who demand large amounts of sugar. To those people, some of them clients of mine, is sent out this literature—petitions—sent from the so-called pure-food headquarters of the city of New York, headed by Mr. Thurber, who was here, with instructions to have those petitions signed and directed to Congress.

The CHAIRMAN. I think every member of the committee has them.

Mr. STEWART. I do not know but that is true. We charge that upon the trust, and we believe we have a right to do it from the way it has been brought about. Certainly the trust is the only person, or people that would be benefited by any reduction of this tariff.

As American citizens we protest, if you please. We have gone into this industry in good faith. We were induced to go into it more through the Agricultural Department of the Government of the United States than in any other way, upon the faith and pledges that as American industries would be protected, so this institution would be protected. The way we looked at it was this: We were induced to go into that industry and we put our money in in good faith, and now for the Government to take away that protection puts Uncle Sam in no other position than that of a bunco steerer for that trust, because that trust is the only institution that will derive any benefit from this reduction. We are the people to suffer. It is not proposed to reduce the tariff along the line, but it is proposed that this infant industry, just started by American citizens with American labor, must bear the entire burden, and give to Cuba what every gentleman who has been before your committee says is the truth. An overproduction of beet sugar in the Old World reflects on Cuba, and it is for that reason that the price of sugar is reduced to where Cuba can not raise it at a profit any more, and they have come in here and deliberately asked that the Government of the United States stand it—nay, not the Government, but the beet-sugar industry of the United States, added to the cane producers of Louisiana. I say we protest against it.

One thing further. As to the development of this industry in the United States, I have before me a list that shows in this country there are 20 different States now interested in this subject and have companies organized and are building factories, and in those 20 States there are 83 different factories. This is the total number contemplated for construction the coming year, with a capital in the aggregate of \$50,000,000. According to this statement—and this I have gotten also from the Agricultural Department—there are in the United States 46 factories, 13 of which are in Michigan, and they are enumerated here. In Arizona there are 2; in California there are 7 in operation; in Colorado 8.

The CHAIRMAN. Do you say these are contemplated?

Mr. STEWART. Yes; according to this report, and I have this from the Agricultural Bureau—83 all told. Now, I think I have gone through this subject, so far as the Michigan end of it is concerned, and I have shown to you what the facts are, and if there are any questions—

The CHAIRMAN. I understood you to say that you imported all beet seeds from abroad?

Mr. STEWART. Yes, sir.

The CHAIRMAN. I notice in the Government reports that in 1900 there were some 3,700,000 pounds of seed imported and the next year only 1,700,000 pounds. How do you account for that falling off?

Mr. STEWART. They did not use all the beet seed that was imported the year before.

The CHAIRMAN. And held that over?

Mr. STEWART. Yes, sir.

The CHAIRMAN. I have heard something about these sugar-beet factories testing beets and keeping some of them for seed.

Mr. STEWART. I will answer you. There is one place where they are trying to raise beet seed. This is the Caro people—Mr. Montague. He is now trying to introduce a seed farm in the United States, and I think last year he succeeded in getting quite an amount of seed, and it has been distributed around to certain sections of Michigan for testing, and it has brought forth very good results. It takes about four years, as I understand it, to cultivate the mother beet before you get a perfect crop of beet seed.

The CHAIRMAN. Do you know where this beet seed comes from that the Agricultural Department distributes?

Mr. STEWART. The first Mr. Wilson told me was given to the Department by Mr. Oxnard—4 tons—for the original test. Where the Agricultural Department gets it now I do not know.

The CHAIRMAN. You do not know whether that is imported or not?

Mr. STEWART. I do not know, but I think it is. I do not think there is anything in this country.

Mr. METCALF. I understand you are speaking for all the beet-sugar manufacturers of Michigan?

Mr. STEWART. Yes.

Mr. METCALF. You are representing them?

Mr. STEWART. Yes, sir.

Mr. McCLELLAN. What, in your opinion, would be the effect of a 25 per cent reduction in the tariff on Cuban sugar?

Mr. STEWART. That reduction would be so used by the Havemeyers as to wipe out every sugar factory in the United States. He would put it down until it would only take one year to kill the sugar interests here and then he would put up the price.

Mr. McCLELLAN. And he could do that still easier in the case of a 40 per cent reduction?

Mr. STEWART. Yes; I do not care what you do with it. It is in his testimony that he has 90 per cent of the output of the sugar of the United States, and that means 39,000 barrels every twenty-four hours during the three hundred and sixty-five days of the year.

Mr. McCLELLAN. And would a 10 per cent reduction have the same effect?

Mr. STEWART. Any reduction, I do not care what it is. The people would not get the benefit of any reduction, but Havemeyer would use it to crush out this industry. He has taken it at the time, if he can get Congress to go with him, to kill it, and kill it forever in this country.

Mr. STEELE. Do you mean it would kill established factories as well as contemplated factories?

Mr. STEWART. Yes; we can not stand it. There is as good an agricultural section in Michigan as there is along the Nile, if you please.

Mr. NEWLANDS. May I ask you what the value of the agricultural lands used for beet cultivation, and raising about 9 tons an acre, as you say, is?

Mr. STEWART. They have gone from \$30 or \$40, or any old price, because they were not worth very much before this beet industry made

a demand for them, up to \$75 or \$100 an acre. Where beet culture is in vogue now you can not buy land for \$75 or \$100 an acre. They are as valuable in many places as the celery lands around my town.

Mr. NEWLANDS. In what cultivation were they employed before the establishment of this industry?

Mr. STEWART. Grain, wheat, and some celery.

Mr. NEWLANDS. If those lands would go back to the cultivation of cereals, grains, and so forth, would they, in your judgment, go back to the old prices?

Mr. STEWART. Yes, sir; they would depreciate in price at once. There would be nothing to do with them. We have already more cereal acreage than we want.

Mr. NEWLANDS. You state that the cost of the labor per acre on the beet farms is \$33.25?

Mr. STEWART. Yes, sir; that is the average.

Mr. NEWLANDS. Do you include in that the value of the farmer's wage, or simply the wages paid to his employees?

Mr. STEWART. No; that is the cash value.

Mr. NEWLANDS. The money paid to the employees?

Mr. STEWART. The money paid out.

Mr. NEWLANDS. Does it cover the labor of the employees?

Mr. STEWART. Yes.

Mr. NEWLANDS. It covers both?

Mr. STEWART. It covers everything.

Mr. NEWLANDS. You want to say you allow \$5 per acre for rental?

Mr. STEWART. Yes.

Mr. NEWLANDS. Is most of the land rented?

Mr. STEWART. No, sir.

Mr. NEWLANDS. It is occupied by small farmers, is it?

Mr. STEWART. Yes, sir.

Mr. NEWLANDS. What is the average tract?

Mr. STEWART. Well, we have one contractor who contracts for 120 acres. That is the largest.

Mr. NEWLANDS. And on what acreage can a man support himself and a family by this kind of cultivation?

Mr. STEWART. That depends. If he can get 10 or 12 tons to the acre, you can figure it out. We have paid, as an illustration, to one man for 2 acres of beets \$220.

Mr. NEWLANDS. I am asking about the average, if you can tell me that.

Mr. STEWART. The average will run probably \$15 or \$20 an acre.

Mr. NEWLANDS. And a man could support himself on how many acres?

Mr. STEWART. Ten acres, I think, and do nothing else but devote himself to the cultivation of that much land.

Mr. NEWLANDS. You allow, then, \$5 profit for what you call the rental value, and then you say that the farmer also makes, in addition to that, \$6.30 per acre of beets profit, making in all \$11.30 per acre that the farmer makes?

Mr. STEWART. That is, where he hires his labor.

Mr. NEWLANDS. Now, that is 5 per cent on \$200, roughly speaking. Would not that justify a valuation of \$200 per acre in those lands?

Mr. STEWART. Perhaps it would. It is a new thing, and we do not know exactly where we are at yet.

Mr. NEWLANDS. In Michigan the cultivation of the beet has raised the value of the farm lands, then, so that the lands yield 5 per cent on \$200 per acre, or a little over 5 per cent?

Mr. STEWART. Yes.

Mr. NEWLANDS. Now, let me ask you another question. Suppose there were no protection given anywhere in the world to sugar and no bounties given, where would the production of sugar drift?

Mr. STEWART. To Cuba.

Mr. NEWLANDS. The cultivation of beet sugar, then, requires either protection or bounties, or both, does it, in the northern countries?

Mr. STEWART. At the present time, just as steel rails required it at first.

Mr. NEWLANDS. Now, as I understand it, under existing laws, you have made investments in this country which aggregate about \$30,000,000 in beet sugar?

Mr. STEWART. Yes.

Mr. NEWLANDS. And you ask that that investment should not be imperilled; and I wish to say that I represent a region which is interested in this question, because we think in the arid region there is the best opportunity for trying this thing. The question that is in my mind is whether we are not getting this industry upon stilts, and whether it will not be prostrated in a certain way when it is fully developed, so as to produce much more extensive injury than would be accomplished now by reducing somewhat this protective tariff, and on that question—I have come to no conclusion myself—I wanted to ask you whether you should not think that with the acquisition of Porto Rico and with the acquisition of the Philippine Islands, and with the probability either of free trade or of reciprocal trade relations with those islands, which will involve inevitably permitting the introduction of their principal product—sugar—into this country in exchange for importing into those countries the products of this country, whether the inevitable result would not be to promote the increased use in this country of sugar raised in tropical countries, and in that event if you have, as you contemplate, \$300,000,000 of capital invested, instead of \$30,000,000, whether the prostration would not more seriously injure the country than if the change were made now?

Mr. STEWART. No. In the first place the American people only go forward and not backward, and inside of ten years the development of the machinery and appliances for the extraction of the sugar from the beet will be so improved and increased that this country will defy any tropical country on the face of the earth.

Mr. NEWLANDS. You think, then, in ten years the industry can stand in this country without protection?

Mr. STEWART. Yes, sir. Let us go, if we can not. I will guarantee it so far as I am concerned, knowing what I do of our own people and the way they do things in this country.

Mr. NEWLANDS. Let me ask you another question. If the effect of this protection has been to increase the value of lands in Michigan from \$50 to \$200 an acre, and we can expect that result all over the country, is it not an undue protection given to the cultivator of sugar as against the cultivator of other products?

Mr. STEWART. It has not raised the price of sugar lands as a whole.

Mr. NEWLANDS. Why should we be called upon by legislation to

raise the price of sugar lands from \$50 to \$200 when we leave the land that now grows wheat and cereals generally at a valuation of \$50 an acre?

Mr. STEWART. You were told a week ago——

Mr. NEWLANDS. Will you answer that, if you please?

Mr. STEWART. Certainly; I am going to. You were told a week ago that by taking this protection off sugar you would raise the Cuban sugar lands to \$75 an acre. Which would you rather do—raise your own lands to \$200 an acre or raise Cuban lands to \$75 an acre?

Mr. NEWLANDS. I can answer that. I would rather raise our land here in the United States.

Mr. STEWART. I know you would, and I would rather have you.

Mr. NEWLANDS. But I want to ask you as to fair dealing between the farmer who raises cereals and the farmer who raises beet sugar.

Mr. STEWART. We have a continent which has varied products. One part will produce a thing better than another part of the country. We have the Anglo-Saxon and the Celt people, and we know what they are; but when you get South you have got into another kind of people, that can not live with our people.

Mr. NEWLANDS. Don't you think we had better lop them off altogether?

Mr. STEWART. Yes; I do, if you ask me that. I will ask the gentleman if he understands that we have already raised the lands in value to \$200 an acre. I wish it were so.

Mr. NEWLANDS. I understood your statement to be that they sold for about \$75 an acre, but, as a matter of fact, from what you have told of the profits they ought to be worth about \$200 an acre, at a reasonable rate of interest on the investment.

Mr. METCALF. I understood you to say that the land gave about 9 tons per acre.

Mr. STEWART. Yes, sir.

Mr. METCALF. And that they are worth about \$5.20 a ton?

Mr. STEWART. Yes, sir.

Mr. METCALF. That would make about \$50 an acre?

Mr. STEWART. Yes, sir.

Mr. METCALF. You say 10 acres would be sufficient to support a man?

Mr. STEWART. Yes; I was including his other crops, and taking into consideration the fact that his family would do the work.

Mr. METCALF. How many acres can one man cultivate?

Mr. STEWART. One man should take care of 2 or 3 acres.

Mr. METCALF. Ten acres would not be self-supporting, would they?

Mr. STEWART. I mean with his farm and stock and other products. That amount he gets from the beet crop is cash, and that, together with what other things he may get from his farm, enables him to make a living.

Mr. SWANSON. Do you think the beet-sugar industry of this country will ever be able to compete without protection?

Mr. STEWART. Yes, sir; I do.

Mr. SWANSON. Do you think the conditions in this country are more favorable for raising beet sugar than in Germany?

Mr. STEWART. Yes, sir. The soil shows that already in three years in my own county we have beets that run as high as 23 per cent saccharine.

Mr. SWANSON. Which is better than any production in Germany?

Mr. STEWART. Yes, sir.

Mr. SWANSON. How long do you think it will be before this industry will be able to get along without protection?

Mr. STEWART. I should say ten years. Give us the time that steel rails have had, and we will guarantee that we can get along or we will say take the tariff off.

On the question of these arid lands, I can say this: At Sugar City Mr. Carey of Baltimore has spent \$2,000,000 in carrying water to irrigate his land and in reclaiming land that has been a desert.

Mr. NEWLANDS. What State is that in?

Mr. STEWART. In Colorado. This last year he has just put up a factory and he has spent nearly \$2,000,000 there in irrigation and in improvements, and this year they have a handsome supply of beets, something like 40,000 tons, I believe, and they are just beginning to find themselves where they can make some money, or get their money back. Tinker with this tariff and you have destroyed the value of all that work.

Mr. McCLELLAN. This irrigation was accomplished by private capital, was it?

Mr. STEWART. Yes; certainly. All these are private enterprises.

Mr. RUSSELL. It is pretty dangerous to tinker with the tariff at all at the present, is it not?

Mr. STEWART. Yes; I think it is. I think it is dangerous in the condition of things that now exist with reference to sugar. That industry now produces to the United States Treasury a handsome revenue every year, and all the wealth of this nation comes out of the soil, as the wealth of every other nation does.

Mr. METCALF. Free sugar would result in loss of revenue to the extent of about \$40,000,000 a year.

Mr. STEWART. I understand so.

Mr. NEWLANDS. You have stated that you expect in ten years the production of the beet sugar will have so developed that the industry of the United States can stand alone without protection. Why is it that has not been the experience of Germany? I understand that Germany—please state whether I am correct—has promoted the sugar beet there both by protective tariff and by bounties, intended to stimulate exports, and that the result is that England is now seriously considering the propriety of instituting countervailing duties with a view of preventing her tropical possessions from going to ruin. Now, do you understand that those protective measures which have been adopted by Germany, after ten years of stimulation of this industry, can be withdrawn and Germany can stand alone?

Mr. STEWART. I do not know anything about it. I know as far as the result of German manufacturers in the sugar line in this country is concerned, that wherever they have tried to accomplish anything it has been a dead failure, and the Yankee has gone in and made a success of what the German has failed in. That has been the result in machinery; and I think what is true of machinery will be true of the sugar crop.

The CHAIRMAN. Is it not true that Germany does not refine the sugar under the Kartel system? Is it not true that they have a trust that refines all the sugar?

Mr. STEWART. I so understand it.

The CHAIRMAN. And they do not have the competition between the manufacturers that we are having here?

Mr. STEWART. No; they do not.

The CHAIRMAN. If the same thing takes place with reference to sugar that has taken place with reference to steel rails and a hundred other things, as a result of competition the price will go down in the next ten years, will it not?

Mr. STEWART. Certainly.

The CHAIRMAN. And by reason of these improvements in machinery that you have spoken of?

Mr. STEWART. Yes.

The CHAIRMAN. So you think you can meet the competition of Cuba; and the lower price having been obtained, would it not increase the consumption of sugar in the United States?

Mr. STEWART. Proportionately, I think.

The CHAIRMAN. The consumption is not equal to that of Great Britain per capita now, is it?

Mr. STEWART. No; I understand the consumption in the United States to-day is 66.4 pounds per capita.

The CHAIRMAN. But that is less than it is in Great Britain?

Mr. STEWART. Yes, sir. Great Britain cans, I understand, and puts up a great deal of fruit that she sends all over the world.

The CHAIRMAN. We have already the materials to do that.

Mr. STEWART. We can do it here and will do it if you leave us alone.

The CHAIRMAN. When you make the cheaper sugar?

Mr. STEWART. Yes.

STATEMENT OF MR. F. R. HATHAWAY, OF ALMA, MICH.

General manager and treasurer of the Alma Sugar Company.

The CHAIRMAN. What is your business?

Mr. HATHAWAY. I am general manager and treasurer of the Alma Sugar Company; just a plain, ordinary business man, that is all.

Part of the duty which falls to me in our company is marketing the sugar, and I wanted to say something here this afternoon that would bring to your attention, gentlemen, some of the peculiar difficulties which the beet-sugar industry of Michigan has to confront when it goes into the markets with this finished product—a product which is just as pure as any sugar that is put upon the market anywhere. In fact, the chemical analysis shows it to be from one-half of 1 per cent to three-fourths of 1 per cent higher grade than the sugar which is refined on the seaboard.

I can not discuss this question without speaking plainly and frankly concerning the way in which the sugar trust treats us. That is good, plain English, and in order that I shall not speak at random, in order that I shall be able to prove that which I say, I have reduced that portion of my remarks to typewritten form, and would like the privilege of reading this portion, which will not take over ten or twelve minutes.

The references made by me this day are to the Industrial Commission's preliminary report, Doc. No. 476, part 1. It will frequently be necessary to refer to the testimony of Mr. Havemeyer. Permit me, therefore, first to establish that gentleman's authority in the American Sugar Refining Company.

Mr. ATKINS's testimony, on page 811, contains the following:

Q. So that you state, since 1891, the price of refined sugar is the price that Havemeyer and Elder put up on the wall?

A. Mr. Havemeyer is the president.

Q. That is simply the controlling power I mean?

A. That is the controlling power.

Q. That is the chief executive power that fixes the price of sugar?

A. Yes. These prices are based on the market price of raw sugar.

Divested of all verbiage, the question at issue is, shall the Sugar Trust control the American market or shall it have active competition from the cane sugar of Louisiana and the beet sugar of the North? That the existing tariff is an absolute necessity to the production of both kinds of domestic sugar is a proposition which I leave to my compeers to establish.

The relief of Cuba is but an incident in the larger policy of the Sugar Trust to crush all competitors. The greatest competitor this organization has to fear is the beet-sugar industry of the North and West, which is developing with such rapidity as to astound the Eastern refiners.

On page 132, Mr. Havemeyer's testimony reads as follows:

Q. Now, how can sugar be made in Germany from beets, or in the Philippines from cane, or in any other part of the world, cheaper than you can make it here? Is that owing to the labor, or what is it?

A. Because, in the evolution of sugar refining, refined sugar can be made directly from the beet without the intermediation of the sugar refinery.

Q. Then it is not the cane sugar abroad that you fear coming in, but the beet?

A. Both.

On page 809 Mr. Atkins's testimony reads as follows:

Q. Do you think it desirable to have a considerable domestic production of sugar—raw sugar?

A. No; I do not at the present enormous cost to the consumer.

Q. Do you think it desirable for the Government to do anything to encourage the domestic production?

A. No; I do not.

What is the attitude of the Sugar Trust toward all competitors?

On page 108 Mr. Havemeyer's testimony reads as follows:

Q. If you can make it unprofitable to them (other refiners), they will stop their sales and in the long run the expectation is that the profit will be larger to your stockholders?

A. That would be the natural inference. Of course it goes without saying, if we protect our own meltings, it can only be done under the condition of things that makes it unprofitable for our competitors, the real motive being the protection of our own business, and the result being an absence of profit to them.

Again, from Mr. Havemeyer's testimony, on page 120:

Q. Now, I also understood you to imply at least that it is the policy of the American Sugar Refining Company to crush out all competition, if possible?

A. But that is not so; there is no such testimony. I understand it has been put in that form by one of the gentlemen, but it is not the fact. What I said was that it was the policy of the American Company to maintain and protect its trade, and if it resulted in crushing a competitor it is no concern of the American Company. If he gets in the press that is his affair, not ours.

Q. And if anyone interferes with the business, profits, or competition of the American Sugar Refining Company it is its policy to prevent it, if possible?

A. By lowering profits to defy it.

Q. And if it results in crushing him out—

A. (Interrupting.) That is his affair.

Q. Not the affair of the American Sugar Refining Company?

A. No.

Again, from Mr. Havemeyer's testimony, page 125:

Q. When you sell in this country, you control the price?

A. Yes, sir.

Q. And it (the trust) was organized, as I understand it, with a view of controlling the price and output to the people of this country?

A. That was one of the objects of consolidation.

Q. And you have succeeded in doing it?

A. Yes, sir.

Q. That was the principal object in organizing the American Sugar Refining Company?

A. It may be said that was the principal object.

This testimony was read to Mr. Havemeyer as having been given by him before the Lexow committee.

On page 60 the Industrial Commission states: "Mr. Havemeyer's testimony before the Lexow committee in 1896 was read to him and he stated that he stood by every word of it."

On page 142, Mr. Jarvie, of Arbuckle Brothers, the principal competitor of the American Sugar Refining Company, testifies as follows:

Q. Has not their (the American Sugar Refining Company) attitude been an attempt to crush you out of business?

A. If the cutting of prices is that, yes.

Q. Is not that about as good a way as any?

A. We think so.

On page 63 the Commission sums up Mr. Havemeyer's position on competition in the following words:

It is very vital to the prosperity of the company to keep up its output. When competitors begin business prices must be lowered with the primary purpose of retaining trade. If the result is to crush competitors, that is their affair, not the affair of the trust.

From the time of its organization down to the present the path of the American Sugar Refining Company has been strewn with the wrecks of its competitors. Sometimes these have been crushed and then bought up, sometimes they have been crushed and allowed to remain where they were ruined. (See page 45.) The same man who has guided the policy of the American Sugar Refining Company from its inception to the present, still retains control. His power is as absolute as ever. His policy is plainly declared. The beet-sugar industry of the United States, his only rival, can expect no mercy at his hands. If he has the power he will crush it and coolly state, as he replied to the Industrial Commission, that such a result is not his affair.

If the American Sugar Refining Company can crush out its competitors, will it then be able to control the sugar business of this country?

On page 107, Mr. Havemeyer's testimony reads as follows:

Q. What proportion does your output form of the total output of the country now?

A. I have never been able to get at those figures, but I should say about 90 per cent.

Q. You think about 90 per cent of America?

A. That is not of the capacity, but of the output. The fact is, that these refineries are not working full.

Q. Does the American Sugar Refining Company itself have a capacity enough to supply the total demand, if it were not for the opposition? Your company could easily supply the total demand at the present capacity?

A. The demand, and 20 per cent in excess.

On page 60 the Industrial Commission quotes from Mr. Havemeyer's testimony before the Lexow Committee as follows:

It goes without saying that a man who produces 80 per cent of an article can control the price by not producing.

This evidence shows that in 1899 Mr. Havemeyer was not only able to supply the entire consumption of sugar in the United States, from refineries owned by him, but without increasing their capacity could supply 20 per cent more than the people of the United States could use.

If the Sugar Trust secures the absolute control of the American market what will be its policy toward the consumer?

On page 112 Mr. Havemeyer states:

We maintain that when we reduced the cost we were entitled to the profit, and that it was none of the public's business.

On page 117 Mr. Havemeyer's testimony reads as follows:

Q. I say he (the consumer) may be benefited temporarily for six months or a year; but if, after the crushing out has taken place, you then, as you said in your testimony, resume a margin of profit which you consider is the right thing, and that is the only thing you were governed by, I ask you then whether the consumer will be materially benefited or not?

A. Is he not benefited to the extent of the reduction of the prices during the fight?

Q. He is; but if he has to pay double or three times the price after the fight is ended I fail to see where he is benefited.

A. He is not if he has to pay that.

Q. I understood you to say when the war was ended you evened up?

A. Yes.

Q. The price you put on was for the benefit of the stockholder?

A. Yes.

Q. Do you think it is fair that the consumer should pay a dividend to your company on brands, good will, etc.?

A. I think it is fair to get out of the consumer all you can consistent with the business proposition.

Q. You state that as an ethical proposition before this Commission, and you have to stand on that ethical position for fair play. Now, I want to know if you think—you stated that the consumer received the benefits of this consolidation of industry—it a fair ethical position, independent of the business view you put on it, that the consumer should pay dividends on this \$25,000,000 of overcapitalization?

A. I do not care two cents for your ethics. I do not know enough of them to apply them.

To show Mr. Havemeyer's attitude toward governmental control of his business, we quote from page 223:

Mr. Havemeyer, president of the American Sugar Refining Company, declares that corporation are under no obligations to the States, but the reverse.

The Industrial Commission, on page 46, sums up the effect of Mr. Havemeyer's position on prices as follows:

On the whole, the chart seems to make it perfectly evident that the sugar combination has raised the price of refined sugar beyond the rates in vogue during the period of active competition before the formation of the Sugar Trust and the two competitive periods during its existence.

CAPITALIZATION.

The report of the Industrial Commission, page 123, shows that the original capital stock of the fifteen or sixteen companies that were merged into the sugar trust in 1887 was \$6,590,000. When the new company was organized it was capitalized at \$50,000,000, half of which was preferred and half common stock (see page 124).

During the years 1890 and 1891, the active competition against the American Sugar Refining Company was so keen that an additional issue of stock, amounting to \$25,000,000, was made, in order to buy up all the other sugar refineries (see page 43). The capital stock of \$75,000,000 remained until 1901, when, according to newspaper statements, the stock was increased to \$90,000,000. Now, new refineries have, however, been erected since the last issue of stock. The purpose for which this stock was issued is not plain, but in many quarters it is supposed that the major part of the new \$15,000,000 was to be used in Cuban investments. We are, however, unable to substantiate this rumor.

On page 111 Mr. Havemeyer states that his refineries could be rebuilt new at a cost of from \$30,000,000 to \$35,000,000.

Mr. Post, on pages 151 and 152, estimates that the cost of rebuilding the American Sugar Refinery plants new would cost even less.

Upon the testimony of Mr. Havemeyer we base our conclusion that there is from \$50,000,000 to \$60,000,000 water in its present capitalization.

The Industrial Commission finds, page 43, that the dividends on the stock of the American Sugar Refining Company since 1891, for each year, have been 7 per cent on preferred stock and average 12 per cent on common stock. The dividends on common stock range from 4 per cent the year the company was formed to 21½ per cent in 1893. (See page 43.)

Just think of it! The dividends declared by the American Sugar Refining Company in 1893 were 21½ per cent on its capital stock, \$50,000,000. Of that \$50,000,000 the actual investment was \$6,590,000, which made the dividend declared that year under free raw sugar 162 per cent on the actual money invested. And some of the people think that some of the Michigan refineries are getting awfully rich because they can make a dividend of 20 per cent a year.

Mr. McCLELLAN. Are they making that much now?

Mr. HATHAWAY. Some of them are and some of them have never paid a single dividend. The most successful factories have averaged 10 per cent for three years prior to the present low prices of sugar.

The CHAIRMAN. Do you remember the difference in the price of refined sugar and raw sugar in 1893? I think it was about 1.25 cents.

Mr. HATHAWAY. The average price of 96-degree raw sugar was 3.689 cents and under; beet granulated sugar the same year 4.812 cents.

The CHAIRMAN. And the difference there is 1.123 cents?

Mr. HATHAWAY. Yes; in other words, they maintained a 1½-cent differential that year, which enabled them to declare a dividend of 162 per cent on money actually invested.

This, of course, includes dividends on watered stock as well as actual investment. Considering the fact that the original first cost of the plants was less than \$7,000,000 and making an estimate of an equivalent amount of water in the purchase of 1890 and 1891, we have estimated actual investment to be in the neighborhood of from \$10,000,000 to \$12,000,000. This property has been able to pay an average of at least 10 per cent on the entire capital stock, water and all.

“Though Mr. Havemeyer refuses to state the exact cost of refining, he does say that it is approximately 50 cents per 100 pounds. This statement is corroborated by the testimony of other witnesses. Mr.

Havemeyer and others state that it has been the policy to seek to maintain a differential of 1 cent a pound between raws and refined. Upon his own statement of the case, such a differential would make a profit of 50 cents per 100 on all sugar refined. Last year the consumption of sugar in the United States was 2,372,316 tons. Having Mr. Havemeyer's statement that they do 90 per cent of the business, we find that his companies last year refined 2,135,085 tons of 2,240 pounds each. On the basis of one-half cent profit, this makes the net earnings of the company for 1901 \$23,912,952, which, estimated on Mr. Havemeyer's statement of the cost of rebuilding all his refineries, gives a net profit of approximately 75 per cent, or about 100 per cent on the actual cost of rebuilding these refineries, as estimated by Mr. Post."

The CHAIRMAN. I think right there you overlook a fact stated by Mr. Havemeyer, although generally you have quoted what he has said very fairly. While the figures you give are probably correct, he says that the margin is greater than that because of the waste of sugar, and while he does not say what that margin is, other witnesses have put it at 63 cents a hundred.

Mr. HATHAWAY. Very true. I have some evidence bearing on that.

The CHAIRMAN. I do not think Mr. Havemeyer stated the margin at 50. He was rather hazy in what he said, even about the cost of refining.

Mr. HATHAWAY. And as I read the evidence I think it may be that he was purposely so.

Willett & Gray's Statistical Sugar Trade Journal, under date of January 2, 1902, specified that the average price for 96-degree centrifugal sugar for the year 1901 is 4.047 cents. In the same issue, they state that the average price for granulated sugar for the year 1901 is 5.05 cents. An average differential of a little more than 1 cent was, therefore, maintained for the entire year.

Several times during this hearing the question has been asked, "Would lowering or abolishing the tariff on raw sugar materially assist the trust?" It is fair to presume that if it would not, Mr. Havemeyer, the president of the American Sugar Refining Company, and Mr. Atkins, a prominent stockholder in that company, would not advocate such a tariff reduction.

On page 130, in reply to a question asking if he would give raw-sugar producers the benefit of a tariff, Mr. Havemeyer replied:

No; they are an agricultural product, and if they can not produce under natural conditions, I would not give them anything at all.

Mr. Atkins, on page 71, declares that the present duty on raw sugar affords unnecessarily high protection to the domestic producer. It has been established, primarily, at the instance of the producers of beet sugar, and is having the effect of building up that industry.

On page 69, Mr. Post says:

If raw sugar were imported free of duty, the beet-sugar industry would be completely destroyed in five years.

Note further that in 1893 the trust's dividends on common stock were 21½ per cent. This was free raw sugar.

On page 153, Mr. Post's testimony reads as follows:

Q. Have you been able to trace any direct influence of the American Sugar Refining Company on the price of raw sugars?

A. They of course have a very large influence on it, because they are such large consumers of raw sugar; but they have not the power of making the price for any length of time for raw sugar.

Later, in his testimony, but on the same page, he states that "the American Sugar Refining Company would be able to make a difference of about one-sixteenth of a cent per pound and only for periods of part of a year."

On page 107, a portion of Mr. Havemeyer's testimony reads as follows:

Q. The American Sugar Refining Company could, being by all odds the best buyer, have something to do with that [fixing price of raw sugar], and in some way it does determine what the price shall be?—A. It has some advantages. It can combine different markets, and so, in a measure, offset the control of these exchanges in the world which speculate in sugars.

Q. And by placing large orders with one broker it could probably get a somewhat better rate than a competitor who could place only a very much smaller order?—A. That is only in case the production is very much in excess of the consumption, as it was some years ago.

It is interesting to note the attitude of the trust and its friends toward Cuba.

On page 113 Mr. Havemeyer states:

Cuba is a country that can supply the United States entirely with their sugar in three years.

On page 160 Mr. Post's evidence reads as follows:

Q. Do you know of any United States refiners that have any interests in Cuban sugar lands?

A. Not as refiners.

Q. No, I mean companies, the American refiners, companies of any kind, have they any interest?

A. As individuals they have some interests. Some of our people own a plantation in Cuba, which has just recently been bought with a view of development. In fact, a cable came to us a few days ago offering a large estate that some of our people are going to manage. We believe that means good business under our Government.

Q. Now, do you know or have you any knowledge of Mr. Havemeyer going into that?

A. No doubt Mr. Havemeyer has investments in Cuba entirely independent of the American Sugar Refining Company just as any other individual might own a great many other things. His money buys it.

On page 109, in reply to a question asking the number of stockholders in the American Sugar Refining Company, Mr. Havemeyer answers:

Eleven thousand, almost enough to take Cuba, and they would take it if they could.

His advice, however, as given on page 133, is very pertinent at the present time. It is as follows:

Never allow a foreign country, if it can possibly be avoided, to get its nose into this country and get into its productions.

We know of no better admonition that could be urged upon the attention of the American Congress at this time.

From the sworn statements of Mr. Havemeyer and his associates we have sought to establish, by the foregoing evidence, the following propositions:

1. That Mr. Havemeyer personally has a most dictatorial power in determining the policy of the American Sugar Refining Company.

2. That the relief of Cuba is but an incident in the larger policy of the sugar trust to crush out all competitors.

3. That the beet-sugar industry of the United States is the chief competitor which the sugar trust fears.

4. That the sugar trust was organized with a view of controlling the price and output of sugar in the United States.

5. That in the effort to control the price and output of sugar, the policy of the trust has been to crush all forms of competition. That this act of crushing is an act of the competitors, not of the trust.

6. That the present capacity of the refineries owned by the trust is more than sufficient to supply the entire consumption in the United States.

7. That having gained control of the sugar business, Mr. Havemeyer thinks that it is then fair to get out of the consumer all he can. That he does not care two cents for ethics, and that he does not know enough of them to apply them. That in times past the effect of the sugar trust has been to raise the price of refined sugar beyond the rates in vogue during the period of active competition.

8. That of the \$90,000,000 capital stock of the American Sugar Refining Company, fully 60 per cent is water; that since its organization the trust has averaged an annual payment of 10 per cent on all stock; that the per cent of dividends has been greatest when the tariff on raw sugar has been least; that upon Mr. Havemeyer's own statement of the amount of business done by his company, their net profits in 1901 were over \$20,000,000, which is approximately 75 per cent of the actual cost of rebuilding all his refineries new.

9. That the sugar trust would be the direct and greatest beneficiary of any reduction of the tariff on raw sugar, and that this trust is strongly in favor of the abolition of all such duties.

10. That the sugar trust can bear the raw sugar market and thereby obtain an advantage over other refiners of raw sugar.

11. That the sugar trust is openly and avowedly in favor of acquiring Cuba, and that until such acquisition shall have been accomplished they are in favor of free raw sugar.

The CHAIRMAN. Do you remember when the National Sugar Refining Company went into business?

Mr. HATHAWAY. When they were organized?

The CHAIRMAN. Yes.

Mr. HATHAWAY. I can not answer that.

The CHAIRMAN. Which went in first, the Arbuckle or the National?

Mr. HATHAWAY. I think the National was the first one; that is, as I remember it. As far as the way they operate at the present time is concerned, they are in harmony.

The CHAIRMAN. And in the first instance there was competition?

Mr. HATHAWAY. Yes, until—as I understand it—they increased the capital stock from \$50,000,000 to \$75,000,000. That increase was to be used, according to the Industrial Commission (page 43), in buying up their competitors. There had been active competition in 1890, and this active competition must be gotten rid of.

The CHAIRMAN. But after that the Arbuckles and another company went in?

Mr. HATHAWAY. I could not answer that.

The CHAIRMAN. It was somewhere about 1897?

Mr. HATHAWAY. I think so.

The CHAIRMAN. I notice in 1897 the difference between raw and refined sugar was 94.6 cents per hundred; in 1898 it was down to 73 cents per hundred; in 1899 it was 50 cents; and in 1900 it rose to 75.4 cents?

Mr. HATHAWAY. Yes, sir.

The CHAIRMAN. That was the time they all got together, except the Arbuckles, was it not?

Mr. HATHAWAY. Yes; and they have been together since.

The CHAIRMAN. And now the Arbuckles sell it at the same price that the American Sugar Refining Company sell it?

Mr. HATHAWAY. Yes; but there is an occasional cut.

The CHAIRMAN. Is there any other customer that buys the Cuban product, the great bulk of it, except the American Sugar Refining Company?

Mr. HATHAWAY. No, sir; they buy it.

The CHAIRMAN. Suppose a reduction was made on the raw sugar coming from Cuba to the United States of one-half a cent a pound; what other customer would there be for Cuban raw sugar than these refining companies?

Mr. HATHAWAY. None whatever.

The CHAIRMAN. Under such circumstances who would be able to make the price on that—the sugar refining company or the Cuban planters?

Mr. HATHAWAY. I think the American Sugar Refining Company.

The CHAIRMAN. Why?

Mr. HATHAWAY. Because the Cubans have no other market to ship their sugar to in the first place, and the trust has an immense other market from which they can buy it.

The CHAIRMAN. They do buy nearly half their sugar from the beet-sugar companies?

Mr. HATHAWAY. About one-third.

The CHAIRMAN. Is it not true that when the difference in the margin between beet sugar and refined sugar gets about 1 cent they commence to import refined sugar?

Mr. HATHAWAY. As far as the importations of refined sugar in 1900 are concerned, the importations were between 19,000 and 20,000 tons. That is, long tons.

The CHAIRMAN. And in 1900?

Mr. HATHAWAY. About 96,000 tons. I can explain a local reason for that—

The CHAIRMAN. Of course that is a trifle compared to the amount of raw sugar imported?

Mr. HATHAWAY. Yes. The reason was this: In that season of 1900 a line of through steamers was put on from Chicago to Germany, and that line of through steamers brought back one cargo of this sugar and sold it to a man in Chicago who had had some difficulty in getting his sugar from the trust, owing to the fact that it was alleged he had not complied with the rules laid down by them.

Mr. McCLELLAN. Has the American Sugar Company gone to any extent into the beet root sugar industry?

Mr. HATHAWAY. I understand they have a personal interest in two of Spreckels's factories on the Pacific coast.

Mr. METCALF. Will you tell me what the price of German beet sugar is in England?

Mr. HATHAWAY. I can not answer that.

Mr. METCALF. Is it not 2 or 3 cents a pound in England and 7 or 8 cents a pound in Germany?

Mr. HATHAWAY. There is pretty nearly that difference. I would not give you the exact figures, or attempt to do so, without looking that up.

Mr. NEWLANDS. Have you seen a letter from Mr. Spreckels regarding the beet-sugar industry, in which he claimed that a reduction in the tariff would do no harm?

Mr. HATHAWAY. I have not, but I have heard from it; and will you permit me to quote from the Industrial Commission in regard to that? This is on page 13. In reply to the question, "What interest has the American Sugar Refining Company in the California refineries?" Mr. Havemeyer says, "They own one-half interest in the Western sugar refineries, the other half being owned by Spreckels." I think when you come to analyze the proposition you will find that Mr. Spreckels has a larger interest in the American Sugar Refining Company than he has in the beet-sugar industry, and it is a question which side he would favor, and he would naturally favor the side in which he has the most financial interest.

The CHAIRMAN. Do you know what side he takes?

Mr. HATHAWAY. I have not seen the letter, but I understand the letter referred to says that the industry can stand a reduction of 50 per cent. He refines the beet sugar he makes in his own refinery, and that refinery is owned by the sugar trust.

The CHAIRMAN. Do you know what he said in his newspaper?

Mr. HATHAWAY. No; I do not.

The CHAIRMAN. The San Francisco Call is his paper, is it not?

Mr. HATHAWAY. I do not know.

Mr. NEWLANDS. Yes.

Mr. HATHAWAY. I wish to read a dispatch I have just received from one of the most influential citizens in Michigan:

[Telegram].

GRAND RAPIDS.

This State has been flooded within the last three days with anonymous circulars favoring Cuban sugar. What philanthropists other than the American Sugar Refining Company would be interested in making these insidious attacks on beet sugars?

JOHN W. BLODGETT,

The CHAIRMAN. I have a statement here of the price of raw and refined sugar for every year since 1892, and the difference in price each year, which I would like to have inserted in the record.

Average price of sugar.

Year.	Refined.	Raw.	Difference.
1892.....	4.346	3.311	1.035
1893.....	4.812	3.689	1.123
1894.....	4.12	3.24	.98
1895.....	4.152	3.27	.882
1896.....	4.582	3.624	.908
1897.....	4.508	3.557	.946
1898.....	4.965	4.235	.730
1899.....	4.919	4.419	.500
1900.....	5.32	4.566	.754
1901.....	5.05	4.047	1.008

Mr. NEWLANDS. You said that some of the beet-sugar companies in Michigan paid a dividend of 10 per cent for the past three years. How many companies have done that?

Mr. HATHAWAY. One.

Mr. NEWLANDS. And how many other companies are there?

Mr. HATHAWAY. Twelve others.

Mr. NEWLANDS. How many of them have paid any dividends?

Mr. HATHAWAY. I think there are four, and possibly there is a fifth.

Mr. NEWLANDS. Can you state what dividends they have declared?

Mr. HATHAWAY. All the way from 5 per cent to 8 per cent. That is the way I understand it.

Mr. METCALF. That is on the amount of capital actually invested, as I understand it?

Mr. HATHAWAY. Yes. As far as the capital invested is concerned, their regular price for buildings and factory is \$1,000 for each ton of daily capacity. If you put up a factory with a daily capacity of 600 tons it will cost \$600,000 to build it.

Mr. ROBERTSON. Is there any watered stock in these factories?

Mr. HATHAWAY. Not a dollar of watered stock in any Michigan factory.

STATEMENT OF MR. C. D. SMITH,

Agricultural College, Michigan; Director of the Michigan Experiment Station; Superintendent of Institutes.

Mr. SMITH. Mr. Chairman and gentlemen, I am here not at my own invitation, but in response to a request from the governor of the State. I have had printed the main part of what I want to say. I regret that I had to prepare this on a rainy day in Washington, without access to my notes, while I was away from home. I did this upon receiving the governor's telegram.

I have here a table showing the yield of wheat in Michigan from 1880 until 1900, and also showing the value of the crop each year and the price per bushel. These figures will show the great depression in this industry, especially in the year 1900. In 1898 the value of the crop was \$21,799,000 in round numbers, in 1899 its value was \$8,667,000, and in 1900 only \$6,397,000 in round numbers. I wish to say that this depression was the reason why the industry of sugar beets was introduced in the State.

Mr. STEELE. What year was that serious depression?

Mr. SMITH. 1900. In that year the value of the crop, as I have just read, was only \$6,397,000.

Mr. STEELE. Have you the figures showing the value for 1901?

Mr. SMITH. No, sir; I have not those figures.

The Michigan Experiment Station introduced the first beet seed that I know of in Michigan in 1897. They followed that up with other experiments. In 1898 the first factory was built. The Michigan farmers were confronted with the statement that you never could make sugar beets succeed in Michigan; that it was an artificial and exotic industry in the Northern States. I wish to file a table derived from A. Boucherau's statement of sugar crops made in Louisiana. This shows that the total yield of beets in tons in 1853 was 204,000, and that in that year 86 per cent of the total world's sugar supply was from cane. Let me read these figures, showing the increase in the beet

sugar from that time up to the present, and showing the per cent of the world's supply derived from cane.

In 1860, total yield of beets, 351,000 tons; per cent derived from cane, of the total world's sugar supply, 78.6. In 1865, total yield of beets, 627,000 tons; per cent from cane, 69.8. In 1870, 900,000 tons from beets; 62.9 per cent from cane. In 1875, 1,219,000 tons from sugar beets; 54.3 per cent from cane. In 1888, 1,748,000 tons from beets; 52.2 per cent from cane. In 1885, 2,223,000 tons from sugar beets; 51.2 per cent from cane. In 1890, 3,710,000 tons from beets; 45 per cent from cane. In 1895, 4,314,649 tons from beets; 40.7 per cent from cane. In 1900, 6,145,853 tons from beets; 35.6 per cent from cane.

On that basis the business men and farmers of Michigan introduced the industry into the State.

The industry has grown in Michigan. The next table shows that in 1898 there were 4,200 acres in the State devoted to beets and 1 factory. In 1899 there 27,500 acres of beets and 7 factories; in 1900 there were 31,000 acres devoted to beets and 9 factories; in 1901 there were 66,400 acres devoted to beets and 13 factories. That shows the growth of the sugar-beet industry in Michigan.

Michigan soils are all of glacial origin, and practically the whole lower Peninsula is adapted to beets. I have a map here, and on that map I have indicated the location of the factories already in existence by a round, blue spot. I have indicated by crosses the places which I have visited personally. I have found the farmers are intensely interested in this industry. As superintendent of institutes I am in communication with about 40,000 farmers in the State.

I am authorized to say for them that every Michigan farmer, whether directly growing beets or not, is interested in this question, and the vast majority of them, petitions to the contrary notwithstanding, ask you and ask the Congress of the United States not to do anything which will embarrass this industry. All through the State the people are aroused and interested in this beet-sugar business. Remember this is a thing that has been of considerable expense to the farmers and to the station. The farmers were suspicious, were slow to go into it, and yet the lower Peninsula will support sixty factories as soon as the industry can grow in a healthy way.

In the sections of the State where the beet industry flourishes farmers are learning how to grow economically larger yields of beets, rich in sugar. As a farmer myself, and interested in farming, I am glad to say that we have there a more intelligent method of farming about other crops now that sugar beets have been introduced, the beets appearing as one factor in a four-year rotation of crops. Last year the money paid to Michigan farmers for beets was within a small fraction of half as much as they received for their wheat in 1899. So rapidly has this exotic and artificial young giant grown! I am glad to report, too, that all the small merchants say that they are now being paid cash for the goods they furnish the farmers. The merchants are able to buy their goods for cash, too, and all the small merchants are begging you not to do anything; that your obligation to them is just; that you ought not to do anything which will imperil an industry which is helping them.

Laboring men, too, and the laboring women are finding profitable employment in this business. If some of you knew how difficult it

was to get a hired girl in some of the sections of the State where these factories are located you would appreciate how this industry is giving employment to everybody. Everybody that wants work can get it, not only in the towns where the factories are located, but in other small towns, because beets are shipped largely by rail.

I have here a table showing the cost of an acre of beets. I have come across this pamphlet of Mr. Stewart's, whose figures do not exactly agree with mine, because they are predicated on different statistics. I make the cost of an acre of beets as follows: Rent, \$5; seed, \$2.25; plowing and preparing the ground, \$4.95; thinning, \$5.50; cultivating, \$5; hoeing, \$4.13; lifting, \$1.38; topping and pitting, \$6.87; hauling, \$5.50. That makes a total of \$40.58.

We have grown about 40 acres of beets off and on for experimental purposes on the college farm, and I tell you that thinning is a beastly job. There are 11 miles of row in an acre of beets, and some poor fellow, with a backbone that becomes emphatic, has to get down and thin that row of beets. There is no machine for doing that work; it has to be done by hand, there is no other way. I hope we will get machines that will do that work, but I do not see how we can lower the cost of thinning very much at present.

The receipts on the average were 9 tons of beets at \$5.20 per ton, \$46.80.

The profits, I make it, are \$6.22. I want to say that this is compiled without access to my notes.

Some of the facts influencing the cost of beets are as follows: Remember in this industry, as in every other agricultural one, the profits are measured by the intelligence of the man who runs the business. Six dollars and twenty-two cents, however, is the average profit. More intelligent methods of culture will produce larger yields and richer beets at little greater cost per acre.

The utilization of the by-products, the pulp and molasses, will be a source of profit, and at the same time tend to maintain the fertility of the farms.

I am feeding a lot of steers that pulp, and I am ready to testify that it is producing something like 3 pounds per day per steer; that is what they are gaining in weight, which is something unusual. The output of pulp in 1901 was something like 300,000 pounds, I think. Three hundred thousand pounds, at 90 pounds per day, would feed for the 200 days of winter over 30,000 steers.

Of the molasses the output was approximately 12,000 tons. This is now partly used in the manufacture of alcohol. When mixed with ground cornstalks it makes an excellent fattening product. When these products are fed on the farms the yield will be maintained or increased, and the cost reduced. We shipped last year 40,000 tons to Germany to be mixed up and fed to their steers. I shall welcome the day when we shall utilize this by-product to feed Michigan cattle, and when we do we will be able to produce feed at a less cost per ton.

American ingenuity may produce a machine for lifting and topping the beet at one operation. I think if you have a mile and a half to haul and have 9 tons to the acre, it will cost you about \$12.50 an acre to get those beets from the row to the car or the factory, a mile and a half away. You see, they have to be pulled and the dirt knocked off and tops cut off, and then assorted in the wagon, or piled and hauled away. That job of topping and cleaning is the most onerous one about

the production of beets. Those are the factors that tend to make the cultivation of the beet cheaper. On the other hand, as the soil's fertility is depleted the cost of fertilizers is an item of considerable size on the debit side of the account, and may take up all the increase in profits made by the factors just mentioned. I do not know whether that will prove to be true or not.

Finally, it is true that the Michigan farmers would not raise beets at a price less than \$4.50 per ton of 12 per cent feed, and from the above statement that a reduction in price will not be accepted by them for some years to come. Let me say, in conclusion, that the farmers of Michigan are practically a unit. I receive every day from my institutes—we are holding something like 255 of them—resolutions from those farmers, addressed sometimes to the President of the United States and sometimes to Congress, stating that nothing must be done that will take away this industry which is making the homes of Michigan happy, which is blessing the laborers and making their homes attractive, and which is helping the business men in a small way in the smaller villages.

STATEMENT OF MR. THOMAS R. CUTLER,

Vice-president and general manager of the Utah Sugar Company, Utah.

MR. CUTLER. Mr. Chairman and gentlemen, I have been in this business eleven years. We built the first factory in Utah, from American-made machinery, the first one that had the American-made machinery in the United States. This was built in 1891, that being the first year we operated it. We have been quoted, and the beet-sugar people generally concede, that the Utah Sugar Company's business has been as prosperous as any one of the factories in the United States, and I desire to show that this prosperity has been caused wholly by local reasons.

This industry is a very desirable industry for the Rocky Mountain districts because we are inland, 1,000 miles from the Missouri River and 900 miles from the Pacific coast. Any overplus of materials we raise must pay a very large freight to reach San Francisco on the one side or to reach the Missouri River on the other. There is also another reason, and pardon me for referring to it. Utah has rather been known in the past on account of her marital relations, and Mr. Stewart made use of the argument that there were five in a family to cultivate beets in Michigan. I think Utah statistics show that there are about six and a half persons to the family on account of the number of children, and the local conditions spoken of by Mr. Stewart—all the family being employed in the culture of beets—apply to a still greater degree in Utah. By reason of this small labor we are in a good position so far as the labor question is concerned.

I desire to call to your attention these local conditions because of the reputation my company has had for paying dividends and to tell you why we have been able to do so.

The first year we only made about 1,000,000 pounds in sugar, from about 12,000 tons of beets, the polarization of those beets being only 9 per cent. We therefore only retained about 5½ per cent, the balance being a loss on account of the foreign matter in the beet. We have grown from that until the season just past, which has perhaps been

our best season, and we have obtained 79,000 tons of beets, adding a polarization of 15.24 per cent, and obtaining therefrom 235,000 pounds of granulated sugar. Mr. Oxnard answered some questions this morning in regard to some of his statements that had been published, in which it was said that the beet, the working of the beet, did not cost more than \$7.

I desire to call your attention to this fact. That after eleven years it cost us last year \$8.06 to manufacture and pay for 1 ton of beets—those beets being paid for on the basis of \$4.24 a ton of 2,000 pounds. We have worked up a ton of beets for \$7.87 in previous years, but we raised the price of beets last year 25 cents a ton, and the increased price of materials has also increased the price of working up the ton of beets. Therefore we have not increased pro rata the working of a ton of beets with each year. But we have reduced it each year, because on the basis of a former year's work those beets would have cost us—and the work—\$8.50.

The argument has been made by Mr. Stewart that sugar can be made after a while in competition with German sugar. I fully believe, after eleven years' experience, that that will be brought about by the intense cultivation of the soil, the increased polarization of the beet, and a great many other influences. For six or seven years I never raised a beet that would average more than 13 or 13.30. We had one last year 15.88, or nearly 16 per cent. There are also increased methods of extraction. Extraction has been reduced; that is, we have obtained, as I remarked, 235 pounds of sugar. There has been better work than that done. One year we got it down to about 3 per cent loss, but that is an extreme and everything was conducive to the extraction of the sugar in the beet that year.

The average cost to us for the last five years is as follows: 1897, 4.51 cents; next year, 4.46; next year, 3.55; 3.55 and 3.42 cents the past season; averaging 5.86 cents for cost of the sugar per pound. But the conditions by which the Utah Sugar Company has been able to make money have been purely local. We have the freights in our favor now, until we make more sugar than the Rocky Mountain districts can consume. I have been hearing about the price of sugars from the different factories. We have had an average for five years of 5.76 net, with the cost production 3.86, meaning that we have had 1.50 profit for five consecutive years, because of the local conditions. But providing that we were making more sugar than the surrounding States, which we can reach easily and cheaply, could consume, if we were to make more than those States could take from us, the freights then would be reversed and it would make a difference of at least 1 cent per pound. For instance, the price in Utah is 4.95. If I take that sugar to the Missouri River on the lowest freight rate possible it would only net me 3.98. It will be readily seen that sugar costing 3.96 on the average and costing that much freight to get it to market, selling, after the freight is deducted, for 3.98, would not be very profitable; there wouldn't be much profit in it.

To raise 15 tons of beets per acre is \$13.75. If you raise only about 12 tons per acre the price would be reduced about 10 per cent—not more, because a larger item than this would be harvesting and hauling. Thirteen dollars and seventy-five cents is on a 15-ton basis. The last crop averages about 11½ tons per acre, the price paid being 4.75, and the little freights that we pay to assist the farmer bringing the average cost up to 4.84. Statements have been made by my friend

here relative to their different conditions, and I thought it advisable to present these conditions existing in Utah.

There is a by-product connected with this industry which is remunerative. I refer to the pulp, which is worth about 30 cents a ton. We have also gone into the raising of seed quite extensively, and with the addition of some land that is well irrigated in Utah I am hoping to make a revenue out of the raising of seed. The largest amount of tonnage has been 40 tons, which is at the rate of about 1 ton per acre. I have raised that much seed of very excellent quality, and I think that there is a future for this industry besides sugar. The pulp will be a source of revenue, and this will be more and more the case as the people begin to understand it more. For the first few years we gave it away and was glad to get rid of it.

This is the only by-product we can utilize to our profit. So the only sources of revenue would be the sales of sugar and what little we get from pulp.

The CHAIRMAN. Are your lands irrigated lands?

Mr. CUTLER. Yes, sir; all of them.

The CHAIRMAN. Do you sell most of your output in Utah?

Mr. CUTLER. Yes; in Utah and Idaho and Montana.

The CHAIRMAN. You, of course, are largely protected by freight?

Mr. CUTLER. The heavy freight rates from New York and the Pacific coast.

Mr. SWANSON. Have you examined the conditions under which beet sugar is raised in Germany and as to whether the advantages there are superior or less than the advantages are here for raising beet sugar?

Mr. CUTLER. I have gone over there and examined the situation, and I believe in time we can compete with the Germans and make sugar for as small a price as they obtain for it to-day.

Mr. SWANSON. What are the advantages and disadvantages of this country as compared to Germany?

Mr. CUTLER. The more particular advantages, especially in the West—I am not acquainted with the East very well—are that our lands are virgin lands. They have not been washed away by the rains, and so on, and to prove that, we have had beets, I should say, on at least 1,000 acres for 11 consecutive seasons, doing no fertilizing except the natural fertilization that comes from the horses and cows, and so on, and the plowing in of the beet tops. They are more valuable as a fertilizer than anything else. Another thing is the climatic conditions out there, and I presume it is the same thing in Michigan. We have cool nights, which gives us the sugar in the beet at the time it is needed. There is also a question in regard to the value of lands. I find that our lands are not nearly as valuable, though they have raised 50 per cent, at least, and they will still raise in value. Still, they are not valued as high as they are in Germany, generally. I saw beet-seed lands in Germany which were quoted to me at \$1,500 per acre. That seems to be an excessive price, and I could scarcely believe it, but on some of the best seed farms as high as \$1,500 per acre was asked, and they could have obtained that price for those lands.

Mr. SWANSON. What are the advantages and disadvantages of beet sugar in this industry as compared with the cane sugar in Cuba?

Mr. CUTLER. That I am not particularly prepared to say; only this, that it is an industry that gives employment to such a diversified people. Besides that it is an industry particularly adapted to the West-

ern States, where they are far from markets, as it were, and where there is a large amount of labor to be had.

Mr. SWANSON. Do you think the time will ever come when the beet-sugar industry of the country can successfully compete with cane sugar in Cuba under equal conditions?

Mr. CUTLER. If you give us time, I think we can.

Mr. SWANSON. How long a time do you think it will be before that condition will result?

Mr. CUTLER. You naturally ask the question: "You have been eleven years in the business, why haven't you progressed more rapidly?" We were almost alone, at first. Mr. Oxnard and one more California factory were almost alone, and I was struggling along, not only with financial difficulties but climatic conditions and adverse soils, and the people were not acquainted with the industry. But they took to it very aptly, and after three years we began to make very rapid progress. There will be more progress made in the next three years than there has been in any ten. I can prove that, because we have made more rapid progress in the last two years than in any ten years before. That has been brought about largely by the incentive that has been given to the farmer to raise the beets. They have just caught on, as it were, and it is a very profitable industry in the West. I should say, give us ten years, and we would make a perfect success and be able to make sugar as cheap as it is made in Germany.

Mr. SWANSON. You heard Mr. Oxnard's statement that he would prefer annexation and its consequent competition to a very large reduction of the duties on raw sugar from Cuba. What are your views as to that—which would be the less injurious to the beet-sugar industry?

Mr. CUTLER. I do not think I have fairly studied that and would not care to answer that just now.

STATEMENT OF MR. HEYWARD G. LEAVITT, OF LEAVITT, NEBR.,

Beet-sugar manufacturer.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: I have the honor of appearing before you to-day to plead the cause of an industry to whose establishment and development in the United States I have devoted the past thirteen years of my life; whose progress, yes, whose very existence, is now threatened by a proposed extension of our protective system to a foreign and great sugar-producing country.

In the spring of 1889, having interests at Grand Island, Nebr., and wishing to advance the welfare of that city and its surrounding country, knowing further that the Oxnards were then seeking a location for their first beet-sugar factory, I distributed beet seed among the neighboring farmers, with the instructions necessary for making a test of sugar-beet raising. The season was a favorable one and the results of the test so satisfactory that the machinery purchased, as was then necessary, in Europe, and destined for California, was shipped to Grand Island instead, and the first factory was thus built in Nebraska in time to work up the crop of 1890.

Recognizing, thus early, that the question of the successful establishment of the beet-sugar industry in the United States was purely an agricultural one, I purchased a large farm in the vicinity of Grand Island, and started raising beets, in connection with general farming, selling my crop to the factory under the same contract and terms as all other farmers. For the next eight years I lived in my fields, from

morning till night, directing the work personally, teaching the men how to bunch and hoe the beets, and the women and children how to thin them out. I sought to apply to the growing of beets and other crops, to their rotation, and to the preparation and cultivation of the land, the modern methods of scientific and practical husbandry.

I was aware of the high state of cultivation into which farming lands had been brought in Europe, particularly in the beet-growing districts, as also of the low price and efficiency of the hand labor there employed in the field, but I discovered only too soon the great inefficiency of the "man behind the hoe" in America. Intensive farming was a thing almost unknown in this country. The problem, then, was to accord the requirements of the European sugar beet with the different conditions of soil, climate, husbandry, and, chief of all, of labor existing in the United States; to substitute, as far as possible, cheap horsepower for the cheap hand labor of Europe; a suitably devised horse-cultivator for the laborious hoe.

The farm-implement manufacturers of America were quick to see their opportunity and to send their designers to my aid, several of whom spent many weeks on my farm. There the rough model of nearly every form of implement now used for saving labor in the beet field was first worked out and given its trial tests. I will not weary you with a history of my struggles nor of the innumerable and often unexpected obstacles I had to meet and overcome. Suffice it to say that I lost over \$40,000, and that it was four years before I succeeded in raising beets at a profit at a price that the factory could afford to pay for them. The cost of laying by an acre of beets until harvest time, which in 1890 was \$48, I reduced in 1896 to below \$15 per acre.

During the same time, by reason solely of the better farming that the raising of beets had taught me and of the better condition into which their cultivation had brought my land, I *increased* my yield of winter wheat from 13 to 31 bushels per acre, and *reduced* the cost of growing and putting the wheat on the cars from over 45 cents to 20 cents per bushel. The same thing was true in a lesser degree as to other crops. In Europe the increased yield per acre of all other crops has been from 30 to 50 per cent in those districts where the cultivation of the sugar beet has been introduced. In this country, owing to the greater margin for improvement in farming methods, the increased yield would be much greater, and would often exceed 200 per cent per acre.

Let me point out to you, gentlemen, what these results and figures signify. They mean that if the United States were raising enough beets to supply the greater portion of the sugar it consumes, one of the direct results therefrom would be that the average cost to our farmers of producing their wheat would be reduced fully 20 cents per bushel. On the basis of the past season's crop this would mean an additional profit to the farmers of America of \$120,000,000 on their wheat crop alone. It would mean further the ability to meet for all time to come, at a large profit, the increasing competition of Russian and South American wheat in the markets of the world. It would mean, moreover, cheaper flour for every laboring man in the United States.

But how about corn, the great staple of American husbandry? Gentlemen, if the better and more intensive farming—the deeper plowing, the more thorough preparation and cultivation of the soil, the reten-

tion of soil moisture, and the scientific rotation of crops—were even partially understood and practiced in America as they are in Europe to-day, there is hardly an acre of good land that would not yield double the number of bushels of corn that it does to-day. All this and much more the beet-sugar industry will accomplish for our country, if encouraged at present and allowed to develop to its fullest extent, *for the cultivation of the sugar beet is the greatest educator of the farmer in the world.*

Do you wonder, therefore, at the extreme measures that Germany and many other Continental nations have established and maintained for years to develop this industry in their own countries? How puny, indeed, are the benefits offered our farmers and manufacturers by the Cuban delegates, by the whole market of Cuba, in exchange for the surrender, in whole or in part, of our own domestic beet-sugar industry just now ready to expand into rapid growth.

But someone may ask, If what you relate be true, as to your own success in reducing so largely the cost of raising beets, what need of maintaining longer the existing tariff in full to enable the sugar factories to pay the present high prices to the farmers for beets? Surely the existing factories, or the farmers, or both must be making too large a profit at the expense of the sugar consumer. At any rate why not let down the bars to Cuba and give her some portion, at least, of the protection you are enjoying? How, moreover, could any reduction of the duty on sugar coming from Cuba, and applying to raw sugar only, affect the price of refined sugar in the United States, when its best sugar factories turn out only the refined product?

I would reply, first, that my own experience furnishes merely an example of what hard work, study, and perseverance, coupled with a love of the garden and the farm, has accomplished in an individual case; that the results given are far below those reached as yet by the average farmer, and necessarily so; but that what one has done with difficulty hitherto will in time be attained with ease by all. Briefly, that the same farmer who can not to-day grow and deliver his beets to the factory at \$5 per ton with profit to himself will in time be satisfied with his profit at \$3 per ton.

The enemies of the American beet-sugar industry, particularly those who see in its development a menace to their hitherto undisputed control of the market for refined sugar in the United States, have joined the cause of the Cubans, and coincidentally have appeared for the first time as concerned in the welfare of the American consumer of sugar. Through a subsidized press, through trade circulars, through every channel their money or influence could open, they have spread the report from the Atlantic to the Pacific that the beet-sugar factories were making fabulous profits, and hence no longer needed the protection of the existing tariff, and that it was due to their greed alone that they were preparing to oppose any reduction of the duty on Cuban sugar.

Taking advantage of the general lack of knowledge in this country of the beet-sugar industry and of the varying conditions surrounding it, by employing false arguments, by stating only certain facts and figures while withholding others, and often by gross misstatement, these new-born friends of the American consumer, these owners of plantations recently acquired in Cuba, have won over many newspapers they could not buy, and have created a false sentiment in their favor and a prejudice against our cause not only in the community at large,

but in the minds of many members of Congress, whose natural sympathy and judgment would otherwise favor a home industry and the preservation of an American market for an American product. These same enemies of our industry, having learned that every beet-sugar factory in the United States was going to furnish to your committee, if desired, a sworn financial statement of its operation from start to date, and thus give the lie to *their* statement of the profits the factories are making, have now changed their point of attack.

Through paid emissaries and through a subsidized local press they are endeavoring to stir up the farmers in the beet-growing districts of the West, particularly in my own State, Nebraska, to send delegates to Washington to protest to Congress that the factories are not paying the farmers enough for their beets, and that Congress therefore should punish the factories by letting in Cuban raw sugar free or at a reduced duty. Possibly their purpose may be to try to establish the argument that the beet-sugar business after all is of no benefit to the Western farmer, or to create such a belief in the community, and doubtless that is the reason they have selected a region which was most stricken by the drought of last summer, and where the fabulous price of corn to-day would most likely turn farmers from raising beets.

Let us analyze for a moment the position of our opponents. They assert, on the one hand, that the factories are coining money and no longer need protection; on the other, that the farmers will not raise beets for the factories because at the prices paid them there is no profit in it. Can the factories "make bricks without straw," money without paying enough to secure their raw material? There are many factories short of beets; in fact, not one is running to its full capacity. The more beets they can obtain, the greater would be their profit. Be assured, therefore, that they are paying the highest prices for beets that the existing low price of sugar will allow, and that if they can not secure a full supply, it is because they can not afford to pay more. Any other policy would be suicidal. How, then, could the farmer benefit himself by advocating, as his friend the Sugar Trust advises, a reduction of the tariff, confined, mind you, always to raw sugar? How could lower duties enable the factories to pay the farmer more for his beets? Nothing would give me more pleasure than to meet before your honorable body this delegation of farmers that the Sugar Trust is trying to organize in my State and bring on to Washington.

That many farmers fail and become discouraged in trying to raise beets for the first time, where one succeeds to-day, I do not attempt to deny, but nearly all who persevere succeed. Continue the protection that the Republican party has given us, and pledged in its last two national platforms to maintain, and before long many farmers will succeed where one fails to-day.

No one appreciates this fact more than Mr. Havemeyer.

Each new factory established has encountered, and will still encounter, new problems to solve of soil, climate, and husbandry; the results of one season differ often so widely from those of the succeeding season in the very same locality that progress is necessarily slow, *unfavorable climatic conditions, when they occur, being intensified many fold by agricultural shortcomings.* A factory fortunate enough in its first year to hit upon a favorable season will hold its growers and secure its beets through succeeding bad ones, while an unfavorable season the first year, with its consequent discouragement to inexperienced

growers, will postpone for several years the profitable establishment of a new factory.

However, each year wider experience is being gained both in the field and in the factory, a larger number of people is being trained and made available as workers in both, and each new factory put in operation is rendering less difficult the task of establishing the next.

Let us examine for a moment the testimony of the Cuban delegates and their allies in its relation to the agricultural side of our discussion. First, in reference to the all-important price of labor in the cane fields of Cuba, for, as Mr. Atkins and others correctly stated, labor comprises there nearly the entire cost of producing sugar. This testimony clearly shows that while the wages paid vary in different sections of the island, 75 to 80 cents per day represent the average price to-day; that despite recent large importations of laborers, work is so abundant in Cuba that wages now are at an abnormally high figure. Of course, the majority of laborers, having worked all their lives in the cane fields, are thoroughly skilled in their work. Out West, the lowest price at which we can secure laborers in the best fields is \$1.50 per day, to which must be added the cost of getting them to and from the fields, or an average of 10 cents more per day. Many, often the majority, of these laborers have never worked in a beet field nor handled a hoe before in their lives.

It can be seen, therefore, at a glance that *the price of field labor is fully 100 per cent greater in the United States than in Cuba*, according to the testimony of the very men who have come here to plead her cause. At the same time there is a still greater difference in the cost of field labor here, owing to its inexperience.

This difference in both the price and the cost of field labor is strikingly illustrated in the difference in the cost of producing and delivering at the factory 1 ton of cane in Cuba and 1 ton of beets in this country. Mr. Atkins testified that a ton of cane, containing about 14 per cent of sugar, cost him \$2, while a ton of beets, containing only 12.04 per cent of sugar, cost my factory in Nebraska in the season just ended \$4.66, and *the cost of beets per each pound of sugar produced was 2.238 cents*. Estimating an extraction of sugar in Cuba of only 11 per cent of the weight of the cane, a low production from cane containing 14 per cent of sugar, we have 220 pounds of sugar 96 per cent pure produced from each ton of cane costing \$2, or *a cost of cane per each pound of sugar produced of 0.901 cent*.

I wish, gentlemen, that time might be accorded me to review the whole Cuban testimony from an agricultural standpoint, but others are waiting to be heard. The one item, however, which I have cited is in itself enough to show that the entire advantage we enjoy over Cuba in the existing tariff is only barely sufficient to counterbalance the higher cost of *field labor* in the United States.

They have admitted that our sugar market is open to Cuba to-day, and had always been, at an advantage over any other foreign nation in the world; that nearly every pound of Cuban sugar not consumed at home is sold to the United States; that under similar conditions Cuba can produce sugar "cheaper than any other country on God's footstool;" and, lastly, that the only cause of their threatened distress—there is none actually existing, they say—is the abnormally low price of sugar in the markets of the world.

Therefore, if the Cuban sugar industry is about to suffer, so is our own domestic sugar industry, and from the same causes and to an

equal and even greater extent, as an examination of the books of the Cuban and American factories would prove to every member of this committee beyond the shadow of a doubt.

To complete the answer to the questions I propounded in the early part of this discussion I must turn now from the beet field to the factory.

That you may not ask, "What does a farmer know about making sugar?" permit me to say that I was a classmate of Mr. Henry T. Oxnard at Harvard University; that he has always given me free admission to his factories and access to their books.

I have never had a dollar's interest in any of Mr. Oxnard's enterprises, nor he in mine.

In January, 1899, I organized the Standard Beet Sugar Company and have been its president since. We have only one factory, of a present capacity for slicing about 600 tons of beets per day, situated at Leavitt, Nebr., and thoroughly up to date in every particular. The entire plant, without land, cost a little short of a million dollars, and our stock was issued dollar for dollar, paid in in cash. I have been in practical charge of the factory during its three seasons of operation.

The following is a comparative statement of the results of the last two seasons:

STANDARD BEET SUGAR COMPANY.

Comparative statement of campaigns 1900 and 1901.

	1900.	1901.
Date of starting factory.....	Oct. 6	Sept. 21
Number of days in operation.....	97	77
Tons of beets sliced.....	36,440	37,985
Tons sliced per day, actual running time.....	440	524
Tons sliced per day, calendar time.....	376	492
Cost of beets.....	\$143,558.31	\$177,121.43
Cost of intercampaign expenses.....	88,648.32	61,314.58
Cost of labor—operating.....	47,128.27	40,975.14
Cost of supplies—operating.....	61,269.98	47,687.79
Total cost.....	290,604.88	327,098.89
Net value of sugar produced.....	\$272,343.28	\$369,461.65
Quality of beets:		
Sugar content.....per cent.....	9.59	12.04
Coefficient of purity.....do.....	71.91	76.48
Granulated sugar sacked.....pounds.....	4,917,200	7,911,300
Pounds of sugar per ton of beets.....	139.2	206.4
Extraction, per cent of sugar introduced.....	77.95	90.70
Average cost of sugar per pound.....cents.....	5.91	4.194
Average net selling price per pound.....do.....	5.325	4.67
Intercampaign expenses per ton of beets.....	\$1.06	\$1.614
Cost of beets per ton.....	3.94	4.660
Cost of supplies per ton of beets.....	1.68	1.256
Cost of labor per ton of beets.....	1.29	1.078
Total cost per ton of beets.....	7.97	8.607
Value of product per ton of beets.....	\$7.41	\$9.727
Net loss per ton of beets sliced.....	\$0.56	
Net profit per ton of beets sliced.....		\$1.12
Coal consumed per ton of beets.....pounds.....	592	368

NOTE.—More than half of the past season's product is as yet unsold, but it was figured in the statement above at the market price on the dates the sugar went into store. The present market price is lower than any of these, and consequently the net value of sugar produced and profit for 1901, as above shown, would have to be considerably reduced if our product were marketed at current prices. We were forced to store because of the special cut prices made in our territory by the American Sugar Refining Company. No charge has been made for depreciation of plant in either year's accounts.

You will notice that these figures differ somewhat from those of my report to our stockholders of December last, a copy of which is already in the hands of some of your committee, for the reason that the latter were partly estimated, while the above are final. I have not given the figures of our first campaign, as I did not think it fair to use them, as only 10,000 tons of beets were sliced, and the run practically amounted to no more than a trial test of the factory.

I submit herewith a balance sheet of our company of January 1, 1902, a record of the prices at which the sugar we still have on hand was taken into "sugar in store" account, which prices you will observe are considerably above the present market price; also a memorandum of the amount of sugar, 45,000 bags of 100 pounds each, unsold on the date of the statement. From the above you will see that the profits of the last two years have been \$10,000 short of meeting the 6 per cent interest on our outstanding bonds, which amount to \$350,000 and represent only 35 per cent of the actual cost of the factory.

The most prosperous factory in the United States to-day, that of Lehigh, Utah, went through a similar though worse experience in the first three years of its existence.

The beet-sugar factories before this hearing is ended will have put your committee in possession of every fact and figure connected with their industry. Permit me to ask you if you were able to extract any such information from the Cuban manufacturers last week.

If my memory serves me correctly, Mr. Atkins testified that his sugar was costing him about 2 cents per pound to produce. Gentlemen, I wish to make the assertion that Mr. Atkins has for the last two seasons produced 96° centrifugal sugar on his plantations in Cuba at a cost of under 1½ cents per pound. I desire, further, to challenge him to furnish to this committee itemized statements, to be sworn to by him, as to this cost, and to permit you to make expert examination of his books, as I gladly invite you to examine those of my own company.

I base my statement above on figures shown me twelve years ago by Mr. Atkins, showing a cost then of under 2 cents per pound, on the knowledge of the progress he has made since both in his fields and factories, and on figures given me by his friends and associates in Boston. A gentleman in New York who is interested with the Howells and other members of the Sugar Trust in the ownership of what is, I believe, the largest plantation in Cuba told me recently that they confidently expect to turn out sugar as low as 1 cent per pound when they get into full operation.

If, however, the average cost in Cuba of 96° sugar be taken as high as 1½ cents per pound, and contrasted with an actual average cost of granulated beet sugar in American factories of over 4 cents per pound (the cost last season at my factory was 4.134 cents per pound), no further argument is needed to show that the Cuban planter after paying the full Dingley tariff is at least as well off in our market as the American producer of beet sugar.

Let us turn now to the last phase of the question: Could a reduction on Cuban raw sugar affect the price of refined sugar in America to the detriment of the beet-sugar factories, and would such a reduction inure to the benefit chiefly of the Cuban planter or of the Sugar Trust? Manifestly, if the contention of our opposing witnesses here last week be true, that a certain average margin of 1 cent per pound is main-

tained by the Trust between the cost of raw and price of refined sugar in our market, there would be no reduction in the price of refined sugar until the increased amount of raw sugar coming from Cuba had reduced its price.

But wait a minute, my Cuban friend, the independent planter, for whom we have true friendly regard! Has it never occurred to you that, when you are ready to sell your raw sugar, the plantations in Cuba controlled by the Trust could, by offering down their sugar in the American market, force you to meet their prices and thus relinquish the greater part, if not all, of the benefit you expected to receive by reason of the reduced duty? It would be absolutely immaterial to these plantations what price they might realize for their raw sugar, for they would be selling to themselves in New York in the person of the Sugar Trust. In this manner the Trust would capture at a reduced price a large portion of the crop of the independent planters, and put into its own pocket nearly the entire amount of the tariff reduction intended to aid Cuba.

NOTE.—The figures given below are based on the market prices in New York and Hamburg, on January 21, 1902. If those prices are not correctly quoted as of that date, the detailed calculation submitted herewith will enable anyone to make the proper correction of the alleged difference on that date stated below.

The established commercial difference in value between 96° centrifugal cane sugar and 88° “rendement” beet raw, recognized by the American refineries in the purchase of their raw sugar, is 19 cents per 100 pounds. The value accordingly to-day, in the New York market, costs and freight and duty paid, of 96° centrifugal cane sugar based on to-day’s Hamburg price—6s. 9d. per 100 pounds avoirdupois—of 88° “rendement” (94.5 per cent polariscope test) German beet sugar is 3.69. The actual price to-day in New York of and which the Cuban planter is receiving for his 96° centrifugal cane sugar, costs, freight, and duty paid, is 3.37 1-2, or 31½ cents per 100 pounds below the equivalent price of and which the Trust would have to pay for German raw sugar, or 4½ cents per 100 pounds below the entire amount of the countervailing duty. *In other words, the Sugar Trust has to-day extracted from the Cuban planter more than the entire amount of the countervailing duty of 27 cents per 100 pounds, existing in his favor in our market.*

What more timely or conclusive proof of the Trust’s control of the market for Cuban raw sugar, and Louisiana sugar as well, or of both its purpose and ability to secure to the same extent for itself alone the reduction of duty asked of Congress for the benefit of Cuba.

Only one other conclusion is possible from the fact cited above, namely, that the Cuban planter on January 21, 1902, was voluntarily giving away the entire advantage of the countervailing duty existing in his favor in the Dingley tariff.

But, argues the American consumer, the Trust would surely in such event, having secured its raw material cheaper, lower the price of refined sugar, and we as consumers should be benefited in any event by a reduction of Cuban duties, even if Cuba was not.

Let me call your attention, in reply, to the fact that during the entire period raw sugar was coming into this country free from Hawaii at San Francisco the Pacific coast was by 1 cent per pound the highest market for refined sugar in the United States, and not until the competition of beet sugar made itself felt there did the Trust lower its

price. "Unless the leopard has changed his spots," the Trust would maintain the price of sugar in its undisputed markets, and secure there the greater profit afforded it by the reduction of duty on Cuban sugar. *This extra profit would enable it, without any additional loss, to extend another season its method recently employed on the Missouri River of trying to destroy the beet-sugar factories by selling granulated sugar in their markets at less than the price of raw sugar in New York, while maintaining full prices for refined sugar elsewhere.*

At this point, permit me to review a few additional features of the testimony given on the Cuban side. First, as to the disinterestedness of Mr. Thurber's testimony. You will doubtless recall that he has several times appeared before this committee in the past as an advocate of the interests of the Refiners' Trust. Perhaps a lingering "tendresse" for his old associates will explain his action, as president of the National Pure Food Society of America, in circulating petitions in its name out West, praying Congress for a reduction of duties on *Cubian raw sugar* in order to reduce the price of *trust-refined sugar* to the American consumer.

Mr. Thurber was in Mr. Havemeyer's office in New York on Wednesday, December 18, 1901.

Mr. Atkins testified that he did not see how it was possible for the Sugar Trust or other speculators to have bought up any part of the present Cuban crop in anticipation of a reduction in the tariff, as the crop was not yet on the market. At the same time, another witness testified that the greater part of the crop was raised by advances to the planters. Would this not, then, suggest a means of practically buying the crop in advance, if desired? I am told by a gentleman interested in a large plantation in Cuba that much of this year's crop has actually been secured by speculators. Thus, a reduction of the duty would fail to reach this year, at least, the very class of planters it is designed chiefly to benefit.

To sum up briefly: To extend our protective system to Cuba, by even the smallest reduction in duty on raw sugar, at the present time, would be the greatest economic blunder this country could perform; it would be of certain and serious injury to our domestic sugar industry, of very doubtful benefit to Cuba, though of tremendous benefit to the Sugar Trust, and it would hinder Cuba from seeking new fields of enterprise and development. No country can ever be long prosperous or contented that relies upon a single crop and upon a single industry.

We have a parallel example in our own country in the State of Colorado, which thought herself ruined by the fall in the price of silver below its cost of production. With true American pluck she turned to new fields and industries, and was never so prosperous in her history as to-day. There is plenty of American, if not native, money and pluck in Cuba to develop new resources there while waiting, if necessary, for the sugar market of the world to readjust itself to a normal basis.

Before closing this address I wish to call your attention again to the absolute control by the Sugar Trust of the American markets for refined sugar, to the reasons for its existence, and the only way to bring it to an end. Both are comprised in the differential duty applying on sugars above No. 16 Dutch standard. This has been sufficient to enable the Trust to exclude practically every pound of foreign refined sugar from our markets regardless of the margin maintained

between raws and refined, and to enable it to pay large dividends on an enormously watered capitalization.

For the practical welfare and development of our home sugar industry, and in the best interests of the Cuban planter, I advocate and urge most strongly that this differential duty be removed from refined sugars coming from every foreign land. Such a measure would help Cuba more than any moderate reduction on raw sugar, be of no benefit, though of no injury, to the Sugar Trust, and be of the least possible harm to the producers of American sugar.

Why, then, have Mr. Atkins and other Cubans all failed to advocate a reduction of the tariff on sugars above the 16 Dutch standard and asked only for a reduction on raws? Surely, they can make and export "clarified yellows," if not granulated sugar, and sell these to the American consumer, if offered too little for their raws by the Trust.

Gentlemen, it has come to this, that this very differential duty, designed as much to aid the beet-sugar producers as the refiners of imported raw sugar, has become in the hands of the Sugar Trust the very means and instrument of compassing the ruin of its only rival. It enabled the Trust last fall to sell granulated sugar on the Missouri River, in the beet-sugar markets, at $3\frac{1}{2}$ cents per pound, and to make up the loss incurred by maintaining at the very same time a margin in New York and other Eastern markets of over $1\frac{1}{2}$ cents per pound between raw and refined sugars, securing thereby $5\frac{1}{2}$ cents per pound for its same product in those markets. The Western beet-sugar producers, meantime, are powerless to threaten or carry out retaliation, for they have neither the margin of profit to permit it, nor sufficient sugar as yet to render of any effect an invasion of the Trust's present exclusive markets.

This fight, this attempt to ruin our industry by destroying our markets, has at least been conducted in the public gaze by the sugar trust, in its own name. How different its mode of attack in our present struggle before Congress in behalf of the American beet-sugar industry! Behind the scenes, lending its powerful hand to every changing view, pulling the string of every puppet that plays its part in the game of deception is the most odious trust that has been created in or cursed this country. The Refiners' Trust, with its hundred millions of capitalization, increased within a year by a corruption fund of \$15,000,000, the football of the experts who manipulate its stocks, the "ignus fatuus" of the unwary speculators in Wall street, stops at nothing when its schemes of plunder are to be advanced. With officials whose ability is only exceeded by their impudent rascality, with agents whose experience is equaled by their prevaricating pertinacity, they hold to the belief that every man has his price, and assert boldly that the man is a fool who can not be bought.

We charge that by chicanery, fraud, and deceit, they seek that which is for their good and the country's ill at the hands of this Congress. They are able to deceive the elect, and the embodiment of their individual vileness, known as the Refiner's Trust, is the modern father of lies. Its emissaries are in Cuba coining the telegrams that flood the press, which is in many instances subsidized to do its bidding. Its agents are to-day in the beet sugar-producing lands of the West, lying to the farmers, poisoning their minds, and seeking by deception and misrepresentation to obtain the cancellation of the contracts for the coming campaign. Is there an attorney whose ability is pronounced,

he is tempted to betray his client and use his efforts to destroy the cause he once advocated. The Sugar Trust stands to-day as the example of all that is bad in monopoly, a demoralizing devil of corruption, that instead of being fostered should be cast out into the outer darkness of public distrust and obloquy.

CALCULATION OF THE VALUE TO-DAY IN THE NEW YORK MARKET, COSTS AND FREIGHT AND DUTY PAID, OF 96° CENTRIFUGAL CANE SUGAR, BASED ON TO-DAY'S HAMBURG PRICE OF 88° "RENDEMENT" GERMAN RAW BEET SUGAR.

To-day's price in Hamburg of 112 pounds of 88° "rendement" beet sugar is 6s. 9d. or 7s. 3d., costs and freight paid to New York, which is equivalent in our money to \$1.58 per 100 pounds avoirdupois for said sugar, costs and freight paid to New York, on the basis of 4.88 for sight exchange, to-day's price.

Price of sugar, ex. duty New York (f. o. b.), per 100 pounds.....	\$1. 58
To which add, for insurance and credit02
To which add duty (94.5° polariscope test)	1. 63
To which add countervailing duty.....	.27
To which add difference between 88° analysis beet and 96° polariscope test cane sugar19
Total	3. 69
To-day's price New York, costs, freight, and duty paid, of 96° centrifugal cane sugar	3. 375
Difference315

Eighty-eight degree analysis beet sugar has a polariscope test of 94.5 per cent, on which duty is based.

The date referred to above and on which the prices contained in the calculation are quoted is January 21, 1902.

Mr. METCALF. Do you know the price at which German beet sugar is selling in England to-day?

Mr. LEAVITT. It is about 2 cents as against 9 cents in Germany, by the operation of the cartel. I am not sure of the exact price in England.

Mr. METCALF. As I understand it, then, the German consumer pays about 7 cents more than the English consumer?

Mr. LEAVITT. Yes; the consumers in Germany have been willing to stand that because of the great importance to the country of the beet-sugar industry.

Mr. NEWLANDS. Is there any rotation of crops in the cultivation of cane sugar?

Mr. LEAVITT. Yes.

Mr. NEWLANDS. Then, as I understand it, these beet-sugar lands only produce a crop of beets once out of three or five years?

Mr. LEAVITT. The planting may be continued for eleven years, as Mr. Cutler has shown, on certain lands; but if you are not so advantageously situated as Mr. Cutler, and you want to get the full advantage to the general farmer of raising beets, then you would introduce the beet into the rotation of your crops.

Mr. NEWLANDS. But the beet crop is the most profitable, I imagine, of all these?

Mr. LEAVITT. It is, but it depends on the relative prices of other crops.

I want to say, Mr. Chairman, that Mr. Oxnard was a classmate of mine at Harvard; that he has given me free access to his factory to study the process of making sugar, and he has also given me free access to his books; and I can testify to everything that Mr. Oxnard has said, if necessary, with reference to the circular he issued in 1899. The statements in that circular as to facts accomplished are absolutely true. The year 1898 was a remarkable year, and the result encouraged them to such an extent that they made prognostications. For many reasons which Mr. Oxnard has specified they were not realized. I will give you one illustration of the difference between hope and accomplishment. That circular stated that his two factories, one at Oxnard and one at Chico, would have a crop of 290,000 tons in the succeeding year. They actually harvested 66,366 tons of beets at these two factories the next year.

Mr. LONG. What is your average production?

Mr. LEAVITT. For eight years I raised about 500 acres per year on my farm.

Mr. LONG. What is your average number of tons?

Mr. LEAVITT. At first it was very small, because I had not learned to save the rainfall. I was then 150 miles west of the Missouri River. All through Kansas and Nebraska, the semiarid region of the West, we get rainfall enough to mature an excellent crop every year, but we are only just now learning, and that through the instrumentality of the sugar beet, how to prevent that moisture escaping into the air during a few days of hot sun and high wind.

Mr. LONG. You do not raise your beets under irrigation?

Mr. LEAVITT. No; we have no means of irrigation and we have no means of getting irrigation. But we have improved our system of cultivation.

Mr. LONG. What system do you use?

Mr. LEAVITT. No particular system, but the deep plowing of the land and frequent surface cultivation. Perhaps it might be called the Campbell system, but I practiced it before I ever heard of Campbell. This cultivation of the land is the salvation of that country. This year our crop is just one-third of a full crop, but, fortunately, the high price of corn is helping the farmers out. If it were not for that high price the farmers would have encountered a tremendous loss. Some of the land was prepared this way and some was not. A portion of a field that had been properly prepared yielded 31 bushels of corn this year, and the other part of the land yielded 5 bushels of nubbins. That is what the beet-sugar industry does for agriculture.

I have here my trial balance showing the business of my company. This balance showing the business of my company, shows every fact connected with the business, and there is no secret about it.

Mr. LONG. Do you introduce that?

Mr. LEAVITT. I do; I introduce a comparative statement of the cost of one year compared with another.

Mr. LONG. Do you show in this the cost of the sugar?

Mr. LEAVITT. Yes, sir. I do not take the first year. But last year the cost was 5.91 cents per pound, and the cost this year is 4.1 cents. You can verify these figures. The loss last year per ton of beets was 56 cents and the profit this year was 1.12 cents. This is the improvement of a single year, and, mind you, my factory had the advantage

of my twelve or thirteen years' experience in field and factory. We encountered local difficulties that we could not surmount at once.

Mr. LONG. Where do you sell your sugar?

Mr. LEAVITT. In competition with the American Sugar Refining Company and as near to their market as we can reach. Instead of selling it this year we have stored a good deal of it.

Mr. LONG. What is the price this year?

Mr. LEAVITT. 4.485 for beet sugar on the Missouri River. The price of cane is a tenth of a cent higher. That is one of the discriminations. We have to take 10 cents less for sugar that is equal to the American Sugar Refinery sugar in all particulars.

Mr. LONG. Do you know whether or not they make a portion of the beet sugar—

Mr. LEAVITT. Sometimes they do and sometimes they do not.

Mr. LONG. Does that go out into the market—

Mr. LEAVITT. You are perhaps using it to-day. Refined beet sugar is just as good as cane sugar; there is absolutely no difference. These distinctions are made by the sugar trust between different sugars, but there is absolutely no difference.

Mr. LONG. I observed yesterday that granulated sugar was quoted at 4.65 in New York.

Mr. LEAVITT. And they were paying 3.375 for Cuban raws and New Orleans raws. If they had had to buy them in Europe they would have paid 3.69 for an equivalent amount of pure sugar in the form of raw.

Mr. LONG. That sugar in your country is sold for 4.585?

Mr. LEAVITT. Yes, sir. Last year if we had to sell our sugar we would have to accept $3\frac{1}{2}$ cents a pound. What did you say about the price?

Mr. LONG. The price yesterday I say was 4.65.

Mr. LEAVITT. No; the actual price yesterday was 4.41. You have to take .15 off and 1 and 1. These papers show the amount. We have 4,500,000 pounds of sugar in storage that I do not care to sell at these prices and that could not have been sold earlier.

There is one feature of the proposed reduction I want to call to your attention, because it emphasizes this swelling up of this present countervailing duty on German sugar by the trust at the expense of the Cuban raw-sugar man. This is the way it is done: They are owners of plantations, directly or indirectly, in Cuba. They offer the portion of sugar produced on those plantations at any price they see fit in the New York market, without any regard to what the price may be, because they are the sole purchasers of it. In that way they force the independent planter to accept the price they put on it. Therefore the very man you are seeking to benefit in any proposed reduction would not be the one to get the benefit.

Mr. LONG. And you think none of this benefit would go to the Cuban planter?

Mr. LEAVITT. If the benefit were a moderate one, every bit of it, in my opinion, would go into the pockets of the sugar trust. As I have shown you by the figures I have quoted here, they have absorbed, at the expense of the Cuban planter and the Louisiana sugar-cane planter, $4\frac{1}{2}$ cents per hundredweight more than the countervailing duties against the German raw beet sugar.

Mr. LONG. Have you given any consideration to the effect on the sugar industry of Porto Rico if we gave free sugar?

Mr. LEAVITT. It would be very beneficial.

Mr. LONG. The effect on the sugar planter there?

Mr. LEAVITT. Tremendously beneficial. Oh, if it is free sugar you are proposing—I did not know that the proposition was to give free sugar to Cuba. If you do that it will build up Cuba.

Mr. LONG. What would be the effect of a 50 per cent reduction; what would be the effect on the Cuban sugar planter?

Mr. LEAVITT. He would get part and the sugar trust would get the rest.

Mr. LONG. What would be the effect with a 25 per cent reduction?

Mr. LEAVITT. The sugar trust in that case would get it all.

Mr. LONG. How do you explain that?

Mr. LEAVITT. Well, perhaps they would not get it all at 25. With 15 or 20 I think they would get it all. They have varied the margin between raw and refined from a minus quantity on the Missouri River to a plus quantity on the Atlantic seaboard, and during that time the exports of sugar were not increased.

Mr. LONG. Did you read Mr. Atkins's statement in regard to the cost of sugar being fixed at Hamburg?

Mr. LEAVITT. Yes, sir; and I have just proved that the price is not fixed in Hamburg as to a country producing more sugar—that has to market its sugar in this country. There is a difference of $31\frac{1}{2}$ cents per hundredweight against the Cuban planter—

Mr. LONG. What, in your opinion, would be the effect on the price of sugar in this country if a reduction of 25 per cent on sugar coming from Cuba was made?

Mr. LEAVITT. It would be to give no effect on the community at large on the price of sugar; but it would enable the sugar trust, by maintaining the present price of refined sugar in markets in which their beet sugar does not come in competition with them, to so increase their profits that they could use that increased profit to further extend their operations of last summer, of selling sugar at $3\frac{1}{2}$ cents per pound on the Missouri River, or at half a cent below the cost in New York.

Mr. McCLELLAN. Do you not think the effect of that would be to create independent refineries in this country—or would it not?

Mr. LEAVITT. No, sir; it would be rather to discourage them.

Mr. LONG. What would be the effect of a 6 per cent reduction on Cuban sugar?

Mr. LEAVITT. It would lower the price of sugar. I think in three years it would lower it very materially, and I think it would lower it at once.

Mr. LONG. What would be the effect of free sugar with Cuba?

Mr. LEAVITT. It would lower the price at once to almost the total amount of the duty taken off.

Mr. BLACK. Then you do not agree with Mr. Oxnard?

Mr. LEAVITT. I think you misunderstood Mr. Oxnard.

Mr. OXNARD. In what respect?

Mr. LONG. I wanted to know the effect of the price of sugar refined in this country?

Mr. LEAVITT. If you maintain the present differential it would not give the consumer, except in the beet-sugar districts, any lower price on sugar for the moment, but it would probably stimulate the building of other refineries.

STATEMENT OF MR. AARON JONES OF INDIANA,*President of the National Grange of Farmers.*

Mr. JONES. Mr. Chairman and gentlemen: I am president of the National Grange, an organization which has its branches throughout the United States and contains a membership of about 500,000 in the various States. It is an organization composed of farmers almost exclusively. Its membership is made up of all classes of political views and hence it is not partisan. This organization has State and subordinate branches. We are interested in seeing that the agricultural classes have legislation so as to give to agriculture fair opportunities of success in business, that agriculture shall have the same opportunities that other lines of business are given.

The National Grange has a legislative committee. That legislative committee is composed of Mr. Norris, of New York; Mr. Batchelor, of New Hampshire, and myself. We are here to see to certain legislation. We believe certain legislation will be to our interests, other proposed legislation we believe will be against our interests. We believe in the general principle that the lowering of the duty on the sugar would injure us, would injure all the farming interests in this country. I do not speak for any special classes of farmers. In 1890 we shipped abroad a little over \$800,000,000 worth of our products from the farms of this country. The same year we shipped in this country of all other agricultural products nearly \$400,000,000 worth, or nearly half as much as we shipped abroad. Now, we do not believe that it is for the best interests of our farmers or the best interests of the nation. We believe that every product that is necessary in our consumption, if it is possible to grow it upon our soils, should be grown here in our own country. That would reduce the foreign importation of these articles which is taking our money away, it would leave that money in our own country, for our own people, to use and to diversify our agricultural interests here.

This is the broad proposition which we have occupied. Now, as a farmer, I do not raise any sugar beets, have no interest in a sugar factory. I speak for the general interests of the farmers of the land and for the general prosperity of the country. If we could get the other farmers to diversify their business and withdraw from grain growing and from stock raising to some extent, and put their money into sugar-beet fields, that would be for their best interests, because that would reduce that much the competition in the growing of these other products. Then I believe another thing. This Republic ought to foster these industries on the part of agriculture, as it has fostered them in every other branch of industry in this country. We believe that is to the best interests of all, and, as has been the case in France, it will reduce the cost of sugar in this country in the end. We believe it would be very unwise so far as our farmers are concerned, and so far as the interests of the country are concerned, that we should have any lowering of the duty on sugar.

I did not expect to appear here, Mr. Chairman, I did not expect to speak, but my relation to the organization I represent, being chairman of the legislative committee, and this measure pending here, it seemed to me that I would be derelict to my people who sent me here to look out for the general interests of the farmer, if I should not take this

opportunity of saying a word on a question that is so vital to their interests.

So it would seem to me to-day that without reference to partisanship, without reference to whether the farmer is in favor of a protective tariff or free trade, that in this matter it is not to the interests of the farmers of this country that the duties should be lowered. In our organization, and in the meetings which we hold in the various portions of the country—and there are about 200,000 meetings a year altogether—and in the education we are giving through these meetings, we are demanding of the legislation of this country that the agricultural interests receive their just and due share of protection, and we enter our protest against the lowering of duties upon matters that are the products of our farms; we ask for the advantage of no class, but for the building up of the entire portion of God's moral vineyard, if you choose.

We believe that charity should begin at home, and then let it spread out—let these other fellows come in under the sunshine of this policy instead of our coming in under theirs. I believe any such lowering of the duty on sugar as is contemplated will cripple one of the most important industries that we have in our country, and thereby, incidentally, affect the pocket of every other farmer in this country. I believe, as a matter of fact, that the profit coming from agriculture is very much less than the profits accruing from the other industries—the general industries of our country. I believe this, and I believe it is clearly established that the great wealth-producing power in this country is the farmers. Statistics have shown the extent of the wealth of this nation which is annually produced from our farms. Now, the prosperity of every single industry in this country is advanced when you advance the interests of agriculture. Upon this general principle, therefore, I am opposed, and our organization will be opposed, and the farmers in general are opposed, to the lowering of the tariff upon sugar at this time.

Mr. SWANSON. Has your organization taken any action on the matter?

Mr. JONES. Not upon this specific matter, but upon the broad ground which I stated before it stands as a unit.

Mr. McCLELLAN. In other words, the free-trade farmers think we ought to make an exception in favor of farm products?

Mr. JONES. The free-trade farmers think that while protection is the policy of this Government they should have their share of it. They are not fools enough to object to it.

The CHAIRMAN. Statistics and the facts show that there are not very many free-trade farmers anyway.

Mr. JONES. Whether there be or not is not very material, but I tell you the farmers are a unit on this proposition.

STATEMENT OF MR. J. E. RODGERS, OF BINGHAMTON, N. Y.,

President of the Binghamton Beet Sugar Company.

Mr. RODGERS. Mr. Chairman and Gentlemen, I am not going to detain you long. There are one or two questions which I want to bring to your notice, however. We have solved some of these questions. One of those questions was: What is going to be the result in a few years to come in relation to the ability of the sugar industry to

compete with cane sugar, and whether we are going to be able to produce sugar at less cost than now. The answer to that question in part is this: That the by-products of the beet-sugar factories are going to largely solve that problem. You have heard it said here that the pulp which is made in Michigan, in some instances, is an expense to the factory to the extent of \$3,000 a year to get rid of it. We have solved that question, being located in a better district. We have sold our entire product to one man, taking 60 per cent of weight of our beets and he pays us 60 cents a ton for the pulp. He is selling it to the farmers for over a dollar a ton. Last year we sold our entire product at 50 cents a ton.

Our molasses we also are able to sell. We have been offered now \$5 a ton for all we produce this year. At some of the factories I know it is not used at all. In other instances they get \$2 a ton for it.

I speak of these things simply to give you an idea of the prospects of disposing of the by-products.

The CHAIRMAN. What do you do with the molasses?

Mr. RODGERS. The molasses is used for feed. One of the speakers here has told you that a lot of cornstalks have been shipped to Germany for feed purposes. That concern has sent us quite a quantity of that feed to be mixed with molasses as a food. You haven't a better food than that for cattle.

The CHAIRMAN. Why do you not go to Auburn and buy threaders and thread your own cornstalks?

Mr. RODGERS. I want to show you our prospects and the ways we can reach out, and how we will be enabled to produce sugar here as cheap as anywhere. When the farmers find out the value of pulp for cows and cattle every pound of it will be used; there is no question about it. It will not any longer be a product to pay somebody to get rid of. It will be something that the farmer will be very glad to pay for to use on the farm. It will be one of the best products we have.

I know how pressed you are for time and how many people there are to be heard. There is a gentleman here, Mr. Powell, however, who is one of the largest beet producers we have, and I would like him to say a few words. He started out with 5 acres of beets and has increased the amount up to 300 acres.

Mr. METCALF. You say you had these cornstalks sent to your factory?

Mr. RODGERS. I say they were sent to me as a sample. This was made by the Dresden Food Company. They send out immense quantities of cornstalks.

Mr. METCALF. Where is that company located?

Mr. RODGERS. I think they have half a dozen factories. One is in Indiana.

STATEMENT OF MR. E. A. POWELL, OF SYRACUSE, N. Y.,

Grower of beets.

Mr. POWELL. Mr. Chairman, I did not expect to be called upon and I have nothing prepared. I merely wish to say a few words regarding an element in this whole matter that very little has been said about, and that is "the man with the hoe."

The factory business has been very strongly and ably represented, but very little has been said regarding the producer. I have not a

a dollar of interest in any factory, but I am a grower of beets, and I believe there is where the sensitive matter in this whole question comes. It is the grower, and the man with the hoe behind the grower; those are the men that Congress ought to look after.

Now, this industry came into our State a few years ago, just after a long series of depressions. The price of land had run down to a very low figure, compared to what it had been fifty years before. This industry has proven to be one well adapted to central New York—central New York and southern New York—and as far north as Watertown and that vicinity. It has also been shown that without question beets can be grown with a profit to the farmer. Farmers have been slow to take hold, because they had to change their implements and everything of that kind, but they are now taking hold of this industry and if it is encouraged a very few years it will spread and grow over New York, up the Hudson and up the Mohawk, and across the State. Land all through those sections will be largely occupied by the beet-sugar industry. So that the producer is the great factor. It is really an agricultural problem. I believe that is emphatically the case—that the whole question is an agricultural problem, because if he can grow the beet it will be manufactured. It has been very plainly shown that the manufacturers can not in the present state of the problem stand a reduction in the tariff. I want to add that the growers certainly can not, because it is with difficulty that all these factories are able to get the amount of beets grown to keep their factories in proper operation.

So, even a little reduction, or even an insinuation of reduction, will scare the farmers. I know of a plant that has been in contemplation at home, and they would go ahead but for the fear of this proposed legislation; and, further, I know of farmers who have been approached to make contracts for growing beets, and would not make those contracts on account of this fear.

There is another question. The kind of labor that is being used is almost a clear gain to the community. For instance, there are a large number of women and children employed who would not otherwise have any employment. This is of great advantage to the poor people, who need this work.

Mr. McCLELLAN. Do you use them in the fields?

Mr. POWELL. Yes. We use them for thinning and pulling and topping beets. For instance, this year a hundred women and half as many boys and girls were employed by us, and they were mostly women who could not get any other employment in our neighborhood.

Another point is this: Of course this beet-sugar industry occupies a portion of the land, and thereby just so much is taken out from being used for other crops, so that the entire agricultural community is interested. For instance, if we have 1,000 acres of gardens and 500 acres of that goes into beet-sugar industry, the people who produce garden truck will be benefited that much.

I will not take up your time any further, Mr. Chairman, for I know you have heard a great deal of this, and there are other speakers to be heard; but I wish to say, in my opinion, there is no proper demand for this proposed reduction.

Mr. POWELL (continuing, after a conversation on the side). The gentleman here has asked me what we are paying women and children. We pay the women \$1 a day and we pay the children 75 cents a day. I want to add still further that the children work in that time of the

year when the schools are not running. That is when they get the largest amount of work, and so we do not have to violate the school law in order to get this kind of labor.

The CHAIRMAN. Our men are so busy up there that you have to rely upon the women and children.

Mr. POWELL. We do a good deal.

(Thereupon, at 5.15 o'clock p. m., the committee adjourned until to-morrow, Thursday, January 23, at 10 o'clock a. m.)

APPENDIX.

EXHIBIT A.

ADDITIONAL STATEMENT OF MR. HENRY T. OXNARD,

President of American Beet Sugar Association.

[See pages 164, 168.]

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE: The beet-sugar producers of the United States, representing an industry of vast importance, feel that they are secure in appealing to you for the protection of an industry that has been brought into existence by the legislation of Congress, inviting capital to invest in an enterprise the value of which to the Republic can not be overestimated.

Under the American system of protection many industries have come into existence, but none that have in them more of promise and hope for the future than the production of sugar consumed by this country.

We have confidence in the maintenance of the policy and in the potential efficacy of the principle of protection of that which can be produced in this country. We do not fear any departure from that principle when all the facts that relate to the sugar industry are understood. One hundred and thirty millions of capital are now invested beyond recall in the production of domestic sugar, and this investment has been on the faith of repeated pledges and promises made by the legislative branch of the Government and sustained by the judiciary.

Our appeal to you is not only that you may safeguard the \$130,000,000 already invested, but that capital may have the incentive to erect, instead of the 40 beet-sugar factories now in existence, the 400 that will be required, with an investment of about \$300,000,000 needed to produce the 1,500,000 tons of sugar required for the purposes of the United States, in addition to what we already produce.

So far as the dominant political party is concerned, it can not afford and it certainly has no inclination to depart from the sound financial policy that when faithfully pursued has led to prosperity, and will escape that adverse principle that when enforced has brought ruin and disaster in its train.

We can safely plant ourselves on the proposition advanced by President Roosevelt at Minneapolis on September 2, 1901:

We must continue the policy that has been so brilliantly successful in the past and so shape our economic system as to give every advantage to the skill, energy, and intelligence of our farmers, merchants, manufacturers, and wage-earners.

The lamented Chief Executive made no departure from this admirable statement in the last speech of his life, made at Buffalo.

President McKinley never ceased to be a protectionist. He never for a moment wavered in his determination to safeguard every industry that could be established, so that the United States might produce everything of which it was capable. He said in that last appeal to his countrymen:

By sensible trade arrangements, which will not interrupt our home production we shall extend the outlays for our increasing surplus. We should take from our customers such of their products as we can use without harm to our own industries and labor.

There is in this language nothing that can be distorted to mean that he would strike a blow at any industry, particularly at one in which so much capital and labor had already been embarked and which had come to exist on the invitation and solicitation of the Government itself.

The strides made by the industry in the last ten years almost surpass belief. From producing practically no sugar from beets, we are now marketing sugar from factories in eleven States, forty in number, of which thirteen are in the State of Michigan, eight in California, three in Nebraska, three in Colorado, three in Utah, and the rest scattered throughout the States of Oregon, Wisconsin, Minnesota, New York, Ohio, and Washington. These factories for making sugar during the present season have produced upward of 150,000 tons of refined sugar. It is a safe estimate to say that they have paid out to the farmers who produced the beets something like \$7,000,000. The maintenance of these factories means the employment of labor to a very large extent, and an immense expenditure in structural iron and steel, building material, coal, oil, coke, limestone, bagging, transportation, and, in fact, these factories seem to touch every branch of labor and industry.

Stripped of sentimentality and all extraneous considerations, and reducing the Cuban demand for free or freer sugar to its simplest equation, it is this: Shall the United States, through its agriculturists, produce its raw sugar and in its factories, scattered from the Atlantic to the Pacific, refine its product, or shall it permit foreign lands to export to it the raw material and content itself simply with its refining? That is what I fear would eventually come to pass if you interfere in any way at the present time with the existing protection of home sugar. Capital is timid to a degree, and should Congress decide that Cuban sugar must be helped at the expense of American beet sugar, then it will at first hesitate and eventually turn its back upon the future further development of beet sugar and throw its full force into the tropical island which we have unduly favored and stimulated.

Cuba has had over a hundred years to develop and protect her great industry, and this in itself is an incalculable advantage. Sugar protection in Cuba to-day is firmly established and the chief industry of the island. Even our enemies must admit that beet sugar is at the very inception of its development in the United States.

In 1890, when I appeared for the first time before the Committee on Ways and Means, as the sole representative of the beet-sugar industry in the United States, I do not think that more than 2 per cent of the members of Congress believed that beet sugar could be produced on a commercial basis in the United States. To-day the proposition is reversed, and it is perfectly safe to say that by practical tests the Ameri-

can people as a whole are convinced that given a fair time, say ten years, without any change in the present policy of protection toward the industry, we will keep at home the vast amount which we have been sending for the last hundred years to foreign nations for an article of daily consumption.

The present condition of the beet-sugar industry to-day would seem to warrant the fact that it is on a sound basis, as we have developed it within the last ten years under most adverse conditions.

The first experimental factories had hardly been erected before a bounty was given, and while this bounty only lasted three years, it showed that the industry could not be developed on that basis, capital being afraid to embark in the business under those conditions. The Wilson bill was substituted for the bounty, and that failed to give adequate protection or sufficient inducement, and from the time of the passage of the bounty law in 1891 up to the passage of the Dingley bill in 1897, I do not think a single new beet-sugar factory was put in operation in the United States; but following the present tariff law, which was the result of most careful thought and consideration on the part of Mr. Dingley and his associates of the Ways and Means Committee, the industry has developed remarkably, and is now in a fair way, if let alone for the next ten years, to actually supply the million and a half tons which we lack to-day, and for which we send our money annually to foreign countries.

No one better than the American sugar trust realizes the possibilities of the production of beet sugar in this country, and they are to-day by the most desperate and questionable means using all their resources, regardless of the facts and decency, in trying to throttle in its infancy their only real competitor. Should they be successful in their efforts, the American people in the future will have to pay them tribute on every pound of sugar they consume.

The real question at issue, as I have said before, is this: Are we going to develop sugar at home through beet factories scattered over twenty States of the Union, or are we going to develop raw sugar in Cuba and hand it over to the sugar trust to refine and distribute at as large a profit as they can exact for themselves from the American people? It is, to use a slang expression, "up to Congress." Stand firmly by beet sugar for ten years and you will have firmly established an industry of incalculable benefit not only to American agriculture, but to the people of the United States at large.

It means the disbursement of something like three hundred million dollars in some four or five hundred factories, and an annual expenditure of something like one hundred and fifty million dollars, one hundred million of which would go for beets to the farmers of the United States and fifty million for supplies and labor in the factories. This would allow for some expansion of the home cane-sugar industry and still allow Cuba to sell us the larger part of her crop; and looking still further to the future, should Cuba some day in the distant future become annexed as part of this Union, I do not hesitate to say, bold as the statement may appear to be, that we would at that time be able to hold our own. Arguing from the principle that it would cost Cuba annexed much more to produce her sugar, and pointing to the case of the Hawaiian Islands as proof of this; and on the other side from the general principle that once an industry firmly established in the United States under American genius and American invention, the tendency

of prices will undoubtedly be downward, and pointing to American steel rails as proof of this, I think without any great stretch of the imagination we can safely say that the beet-sugar industry established throughout the United States will, when thoroughly established, be able to hold its own with our tropical possessions. Were I not firmly convinced in my own mind of this fact, no self-interest could bring me here to urge upon you to foster the American beet-sugar industry. We are laboring under serious disadvantages now.

Last fall we had a sample of the methods employed by the sugar trust. At the time when beet sugar commenced to be produced in the Missouri River territory they dropped the price of sugar more than a cent in a single day, making it a special price, and refusing to sell except in limited quantities. Their only object in doing this was to make the beet-sugar factories sell their sugar at a price way below the cost of production and to intimidate capital from further investment. In other words, to crush competition by lowering the price in one section of the country and keeping up the prices elsewhere. The price they made in the Missouri River territory was considerably lower for refined sugar than they were paying for their raws on the Atlantic coast, leaving them no margin for freight or refining, to say nothing of any profit; but they could afford to do this. As the territory comprised only 10 per cent of their sales, they were enabled to lose there and more than make it up in the other 90 per cent of their territory.

This scheme on their part was not entirely successful, as the beet-sugar factories refused to sell their sugars below the cost of production, and to-day are storing the bulk of their sugars, waiting until the trust will allow the market to resume its natural condition. The sugar trust always depresses the market of raw sugar whenever the Louisiana sugars come into the market, and at various times in the year they use their enormous capital and power to depress the raw markets of Cuba.

It seems right here pertinent to call attention to this fact. Why can not the Cuban sugar planters store their sugars until the markets of the world adjust themselves? Our beet factories are to-day storing the larger part of their output and requiring that much extra capital to carry on the business. We are suffering from low prices just as much as the Cubans, and the profits as a whole are no greater in the United States to-day than in Cuba.

I have heard the testimony from Mr. Atkins in which he stated that he had been working up to the present time and made a satisfactory profit on his investment in the past in Cuba. The American Beet Sugar Company, of which I am president, has only earned and paid 6 per cent on the actual capital invested. I would like to know from actual statements from his books what the profits have been on Mr. Atkins's plantation. It seems to me that when the Cuban planters come up here and ask for concessions and generosity on the part of the United States, making claim that their business can not be carried on at a profit, that they should be obliged to furnish the real figures of what their actual cost of production is, and give statements showing what their profits have been in the past, taken from their books.

The American beet-sugar factories are not only ready, but most anxious to have Congress appoint some suitable person or persons to investigate the actual cost of production, and substantiate the claims which we are making as to cost of production and profits, and request

that the same thing be done regarding Cuba, before any action is taken, to determine the necessity of granting aid.

From all the facts and figures which I have been able to obtain, I am firmly convinced that sugar can and will be produced in Cuba at an average cost of $1\frac{1}{2}$ cents a pound, in some instances as low as 1 cent; but my belief is that the average of the island will be nearly $1\frac{1}{2}$ cents.

I would like to quote here from an unprejudiced witness. The following article appears, written by the editor and proprietor of the leading sugar statistical paper of France. I will read what he says. Georges Dureau, in the *Journal de Fabricants de Sucre*, of December 18, 1901, says:

We figure that with properly constructed plants and intelligent technical control Cuba can produce sugar at $1\frac{1}{2}$ cents per pound. At present market prices for sugar, viz, 2 cents per pound (which, by the way, is a ruinous price for the large majority of European sugar producers), the Cuban planter would make a profit on this basis of 8 francs per bag of sugar (three-fourths cent per pound). Neither the North American beet-sugar industry nor the Louisiana sugar industry could possibly stand up against such competition. From this it will be seen that a reciprocity treaty with Cuba would surely result fatally for the United States. Mr. Roosevelt, in his message, favors reciprocity treaties in all such cases where there is no danger to be feared from competition which would be prejudicial to the economic interests of the United States.

In view of the above will it be possible to secure a majority vote to carry a measure which would result, as we have just shown, in destroying the sugar-cane and sugar-beet industries in the United States?

Notwithstanding the uncertainty which prevails on this question, sugar making is still forging ahead in the island, and it is stated that Cuba has in the fields this year, 1901, enough cane to produce 900,000 tons of sugar, but will probably not harvest over 840,000 tons; this is as against 638,000 tons last year, which represents an increase of 30 to 35 per cent. If Cuban sugar is to enjoy a reduction in the tariff in the United States it should not be difficult to picture the enormous impetus the Cuban industry would take on. Ought not the contemplation of these facts impress upon the sugar manufacturers of Europe the immediate necessity of studying at once the question of how and where to market their product in the future?

This is from an independent source; from an unprejudiced witness; from a writer fully competent to speak on the subject. It ought to carry great weight.

This writer ascertains that it costs only $1\frac{1}{2}$ cents a pound, under proper management, to make sugar in Cuba, which would give the planters there three-fourths of a cent a pound profit, even with sugar worth only 2 cents f. o. b. Cuba.

I wish also to emphasize the fact that Cuba to-day has from one-fourth to one-third cent a pound advantage in our markets as against all other foreign sugar from nations paying an export bounty, and they nearly all do. We countervail those bounties and that gives Cuba our market as against foreign sugars, so far as Cuba is able to supply our demand. Besides this, cane sugar in Cuba can be produced considerably cheaper than European beet sugar; in fact Cuba to-day can produce sugar cheaper than any nation or colony on the face of the globe.

The statement was made last week by those who favored the reduction of the duty on Cuban sugar that the cost of labor in Cuba was twice as great as that of Porto Rico and four times as great as that of Java, and that labor was extremely scarce throughout the entire island. The inference drawn is that anybody wishing to work could secure employment at highly remunerative wages, and it is evidence here that labor was all employed. Under these conditions we fail to see the great distress which has been pictured as existing in that island. The

argument was freely used that Cuba could not rapidly develop her sugar industry on account of the scarcity of labor there. Granting this to be the case, is there any reason to suppose that if we should at the present time by some favored legislation stimulate the advantages of producing sugar in Cuba, would it not be natural that they should employ the same methods which the Hawaiian Islands have in the past and which they would like to renew in the future, namely, the importation of countless numbers of Chinese coolie laborers?

There is nothing in their constitution that I know of which would restrict them from bringing in cargo after cargo of this semislave labor, and if, as I said before, the United States by her legislative action stimulates the advantages of developing the sugar industry in Cuba, will she not at the same time greatly stimulate the importation of cooly labor, so that in the future should Cuba apply for annexation, would we not be confronted with a population of Chinese, Japanese, and what not, equal to if not exceeding all other residents of that island? This is exactly what the Hawaiian islanders asked to be permitted to do within the last few months, and there is no doubt that Cuba will not hesitate to act on those lines in the future, as she has in the past, resorting to these tactics as soon as she becomes an independent nation.

If for raw sugar we should substitute wheat and instead of refined sugar substitute flour, the problem would be easy of solution, and the man would be considered an enemy of his country who would propose that other lands should grow the wheat needed for our use and this country content itself with the milling of the raw material.

The two propositions are identical in principle, for the United States has passed the experimental stage in the production of sugar and has demonstrated that it can readily produce every pound of the 2,250,000 tons that it now annually consumes.

The cost of producing beet sugar in the existing factories in the United States to-day varies tremendously, and the only way to arrive at any satisfactory conclusion is to take the averages. If this is done, we find that Michigan has produced sugar at about 4 cents. Taking the average of all the factories with which I have been connected in the past ten years, we will find that the cost is just about 4 cents, varying all the way from $3\frac{1}{2}$ to nearly 6 cents in the different factories during different years.

Mr. SWANSON. That is the turned-out product.

Mr. OXNARD. That is finished granulated sugar, ready for the consumer.

Our company has two factories in California, two in Nebraska, and one in Colorado, and this ought to give a very fair average. We see individual factories varying from one year to another in a remarkable way, this variation being due to the quality of the material, the quantity worked, and the fluctuating cost of labor and materials in different years. You must not forget that this is a new industry and has not come down to its bearings, but when sugar has been produced for about 3 cents it is safe to say that some day the average of the United States will not only be brought to this, but probably under it. But, as I said before, the average cost of producing granulated beet sugar in the United States to-day, from all the facts and figures which I have been able to obtain, will bring that cost somewhere between 4 and $4\frac{1}{2}$ cents without any interest on the capital invested, but including from

5 to 7 per cent for depreciation of plants, which is a very moderate reduction, and probably below the actual figures which ought to be applied.

Mr. STEELE. Mr. Oxnard, right there—

Mr. McCLELLAN. Let him finish his statement; it is very interesting.

Mr. STEELE. I would like to know how it is it costs only 1½ cents in Cuba and 4 cents in the United States?

Mr. OXNARD. I will explain that by and by, if you will let me, when I come to be cross-questioned. If it is agreeable, I would like to go through as much as I can of the argument before being questioned. This average is made up of the cost of production in all the factories estimating all the factories of the United States, which includes a range of from about 3 to 6 cents.

I will quote one particular instance to give an idea of the variation. In 1898 our factory at Norfolk, Nebr., worked under very favorable conditions as to the quality and quantity of the raw material, producing sugar at 3½ cents a pound. This same factory this year produced sugar at 4.29 cents per pound. This increased cost of production was due to three distinct facts: First, the material worked this year owing to the drought in Nebraska which hurt the corn crop so badly had its effect on the beet, and the quality of the material worked in the factory was not nearly as good as that worked in 1898. The second fact is that this year we paid an increase of about 25 per cent to our ordinary labor, and owing to the scarcity of skilled and technical labor due to the rapid development of the beet-sugar industry, the supply of this kind of labor was so far short of the demand that we had to increase the cost of skilled labor from 40 to 50 per cent of what it was in 1898, and in some instances much higher. This is one of the questions, as I have said before, which is bound to regulate itself as soon as the industry becomes firmly established. All these factors are incident to the development of a new industry. The third factor is that this year, notwithstanding the poor quality of the material—I mean the beets—it cost us at least 25 per cent more for our beets delivered at the factory than it did in 1898.

The sugar trust, through those connected with it, has had printed and scattered broadcast by the hundreds of thousands a circular issued by our bankers in 1899 and signed by Mr. Cutting and myself. The figures as stated in that circular are absolutely correct, and in the utmost good faith I can not see how I could have changed them with the lights before me at that time. They were based on certain facts and assumptions which were not realized in practice in the year or two succeeding, owing to various causes which would require too much time to enumerate in detail. Droughts in California, and in consequence not being able to get full runs, increased the delivered price of the raw sugar from 25 to 30 per cent; increased cost of production owing to an increase of about 25 per cent in ordinary labor and all the way from 40 to 100 per cent for skilled labor were the causes of the increased cost of production. Then, again, who could have foreseen that under free trade, taking the average of the years 1891, 1892, and 1893, the selling price of granulated sugar in the United States would be (over 4 cents) within a quarter of a cent of the actual selling price of granulated sugar to-day, with the Dingley rates of protection added.

In other words, sugar that was selling for about 4½ cents in those years under free trade is selling for the same price to-day, and if we

had free trade in sugars to-day the selling price of granulated sugar would be less than $2\frac{1}{2}$ cents a pound. This is a condition which at that time appeared impossible, and yet it has come to pass. Overproduction in the world is undoubtedly responsible for the present crisis in sugar. Sugar is being sold to-day throughout the world below the cost of production. We know that this can not be permanent and that it is only a question of time when it must adjust itself, but in the meantime we are all suffering—Cubans, Americans, Europeans—everybody interested in the sugar industry, and I claim right here and now that it is unfair to legislate in a permanent way for a condition that can not be anything else than temporary, and I do not think that President Roosevelt, had he had all these facts before him, would have made the recommendations which he did in his annual message regarding Cuba.

Mr. Chairman, the more important question is the home problem. What shall we do more, if anything, but above all, what should we refrain from doing, to advance this great and promising industry to reap a complete success?

The Cuban proposition, coming not from one of our own colonies but from a foreign country, is one of the most vicious that could have been conceived at this particular time. This is a critical time to strike at this industry. You would paralyze its development and probably ruin it for all time, because those who now stand ready to invest would cease to have confidence in public men and existing legislation. Your committee is substantially asked to repeal, violate, or evade a principle and existing law.

I say this because I find in section 4 of the Dingley law certain provisions inimical to this Cuban scheme. In fact, unless Congress in both branches repeals those provisions, the Cuban free-trade scheme must fail. I refer to the legislative "reciprocity" clause. It provides that such treaties must be made within two years; it must be a completed transaction within that time, and even then was not to extend beyond five years. The reductions were not to exceed 20 per cent; power was given to transfer dutiable articles to the "free" list, but no product of a foreign country grown in the United States, and therefore competing, was to be placed on the "free" list.

Mr. Chairman, I should like to know why the home sugar industry should be singled out as a subject for tariff reduction at this time. It seems to me, apart from every other consideration, a most unusual procedure—one that does not appeal to my sense of fairness. After most careful consideration of the whole tariff question in the year 1897, having called for papers and facts from all parts of the world, you put in force the present tariff act as being just and equitable to all interests in this country. What has happened since that time to cause you to change your mind and policy? If the whole tariff question were to be taken up and treated on an equal basis, I could understand your action in calling us before you to-day, but, as I understand it, that is not the question at issue.

It is simply proposed to single out one or two industries and disconnect them from the general tariff link which formed a part of the chain which you forged, to the great benefit of the people of the United States, in the present Dingley bill. We are apparently at this time called up for sacrifice, and I want to enter in the most vigorous terms possible our protest at this apparently unfair discrimination, and can

not but believe that the justice of our contention may appeal to the American Congress when the actual time comes to practically deal with this question. If the tariff is to be reopened in favor of Cuba, let the whole tariff question be taken up. What is sauce for the goose ought to be sauce for the gander.

You are asked to reverse a well-settled policy as old as the Government itself, which placed a duty of 1 cent on cotton to encourage its development. You single out domestic sugar as a victim; you distinguish between it and silk and cotton, lumber, and other manufactures, some of which, like cotton goods and lumber, we have for export. You maintain a very liberal tariff on cotton goods, which indirectly aids those manufactures as to price in the home market, and thus tends to maintain, if not enhance, the price of raw cotton.

Our able Secretary of Agriculture has repeatedly stated that we can produce our own sugar; that we have the soil and the climate, and capital has recently taken hold of it in earnest. Why should we intimidate it? Why should we surround the industry with doubt and fear, that always result in hesitation and final refusal? It hesitated from 1891 to 1897, and it will do so again under like provocation. The Wilson tariff law, which was intended to give our home sugar industry a protection of one and two-tenths cents per pound, was reduced by the fall in value of sugar to eight-tenths and nine-tenths per pound, showing the inherent defect in the ad valorem system, which, because of the recent fall in values of sugar, is now applied and used against us by the agents and organs of the sugar trust in an effort to deceive the country and have it assume that we have abnormal protection, when we all know that the lower the value the higher the ad valorem.

The fact is that, according to their statistics, the equivalent ad valorem rate on sugars testing 89, 92, 94, and 96 for the years 1899-1900 was about 70 per cent ad valorem. The tactics of the sugar trust in this regard will be in order when the consumers of sugar complain of getting 20 and 22 pounds of refined sugar for \$1 as against only 12 pounds in 1889.

We are told by the brokers of the trust that we should make only raw sugar for the trust to refine. I quote an article from Willett & Gray, October 3, 1901:

Refined.—To-day a surprise awaited the trade in the western sections of the country when the quotations by the American Sugar Refining Company for granulated sugar were reduced to 3½ cents per pound delivered at points along the Missouri River, which at present is the largest market for the beet sugar produced in the Far West. This shows a reduction of over 1½ cents per pound. The notable feature of this movement is that the quotation of 3½ cents is on a level with the parity of raw beet sugars on the present basis of 3¼ cents for cane centrifugal sugar.

In other words, it would seem that the refined-sugar interests of the country feel compelled to protect their interests to such an extent that the domestic beet-sugar industry may not make any larger profits on the making of refined than would come to them from the manufacture and sale of raw sugar. We have always taken the position that the manufacture of raw sugar for sale to refiners was the proper and legitimate business of the beet-sugar industry of the United States, this being the rule in Germany, the greatest beet-sugar producing country of the world. We have thus foreseen the natural result of an attempt on the part of the beet-sugar industry to force the refiners out of their business of such long standing by turning their product into refined sugars in competition with the refineries already established, who have no means of securing raw sugars by production, but are forced to buy them in the open market.

In other words, we should follow the tactics of the infamous German Kartell trust. We decline to do that.

Mr. Chairman, if the sugar trust should exist for a century this nation would be no better off for its existence. Not a town, village, nor a hamlet would be placed to its credit. It employs very little effort and that of the cheapest kind. It builds up nothing. Its object is destruction and annihilation. Its methods are vicious and corrupt. It never comes into the open, even when interested in a tariff rate, but its agents are always in evidence, secreting themselves behind the frailest of fortifications under high-sounding commercial names. It never hesitates in subsidizing whatever stands in its path, and uses the press freely for that purpose, spending vast sums of money in its efforts to destroy American beet sugar. It has made a hot and extensive campaign for free sugar from Cuba for the past six months on several lines. It has paid liberally for space in "patent insides" papers, and it has caught some of our protectionist friends. It has distributed a vast amount of literature of a deceptive character, but it has been indigestible.

Mr. Chairman, we have not had the money nor the inclination to meet this sort of a campaign. We have had too much confidence in those who have been sent here to help the people and safeguard the industries of the nation to believe that such efforts could prevail.

The man who says the sugar trust never profited from any tariff on sugar beyond 8 per cent; an institution that has piled up, time and again, large "surplus" profits beyond extra liberal dividends; which has paid 10 per cent on \$75,000,000, and hopes to pay it on \$90,000,000 of capital, \$60,000,000 or more of which is "water" or "good will," and all of which can be duplicated for \$30,000,000; the stockholders of which invest in Cuban sugar lands and factories, and send their agents here to pray for "free" sugar; an institution that has been sore ever since the Dingley bill passed, the president of which wants one-half cent per pound protection for simply refining foreign raw sugar, who in the next breath testifies that the tariff is the mother of trusts; who testified before the Industrial Commission that he would not give domestic sugar producers any protection whatever, and who has falsely stated that the domestic sugar producers wanted one-half cent a pound protection on refined with "free" raw sugar; who impudently insults the American people by saying that Congress will give the "trust" what it wants, and who testified before the Commission that "Cuba is a country that can supply the United States entirely with their sugar in three years," is a man who deserves to be rebuked and not favored.

This man is H. O. Havemeyer, president of the sugar trust, instigator in chief of all this Cuban free-sugar scheme, as shown by the remarkable request which the so-called Cuban delegation made to have raw sugars only admitted free from Cuba. The connection is too evident to require further comment. All the speculators and exploiters of Cuban sugar lands have been drawn into the fight on this side of the question, and should the whole proposition be thoroughly probed, a scandal of vast proportions would undoubtedly be revealed.

We will admit free of duty in 1902 or 1903 about 450,000 tons of sugar, which will approach one-fifth of our total consumption of 2,450,000 tons. If you add the Cuban crop in the next campaign, probably 1,000,000 tons, at reduced rates, you would be admitting free and at lower duty 1,450,000 tons or 60 per cent of our total consumption. It is said with pretended seriousness that there would be no advantage to the sugar trust in this. The trust would get the

lion's share of a reduction. First, because the Cuban, having practically no other purchaser or market, would have to accede to the demands of the trust. Second, its greater advantage would consist in its intimidation of capital, preventing the further development of domestic beet sugar. With that product fully developed, the trust's occupation would be gone. Third, the trust would have the power to depress prices on raw sugar, refusing the Cuban product except at its own price, or playing one nation against another.

That any organization having the power of the trust can raise or depress prices of sugars to some extent seems to have been the subject of inquiry by the Industrial Commission. Mr. J. H. Post, president of the National Sugar Refining Company, testified:

Q. It has frequently been asserted that the American Sugar Refining Company, on account of the large amount it buys, has been able to exert a steady influence toward depressing the price of raw sugars. I would like to know if, in your judgment, this tendency has been appreciable from the time the sugar trust was formed?

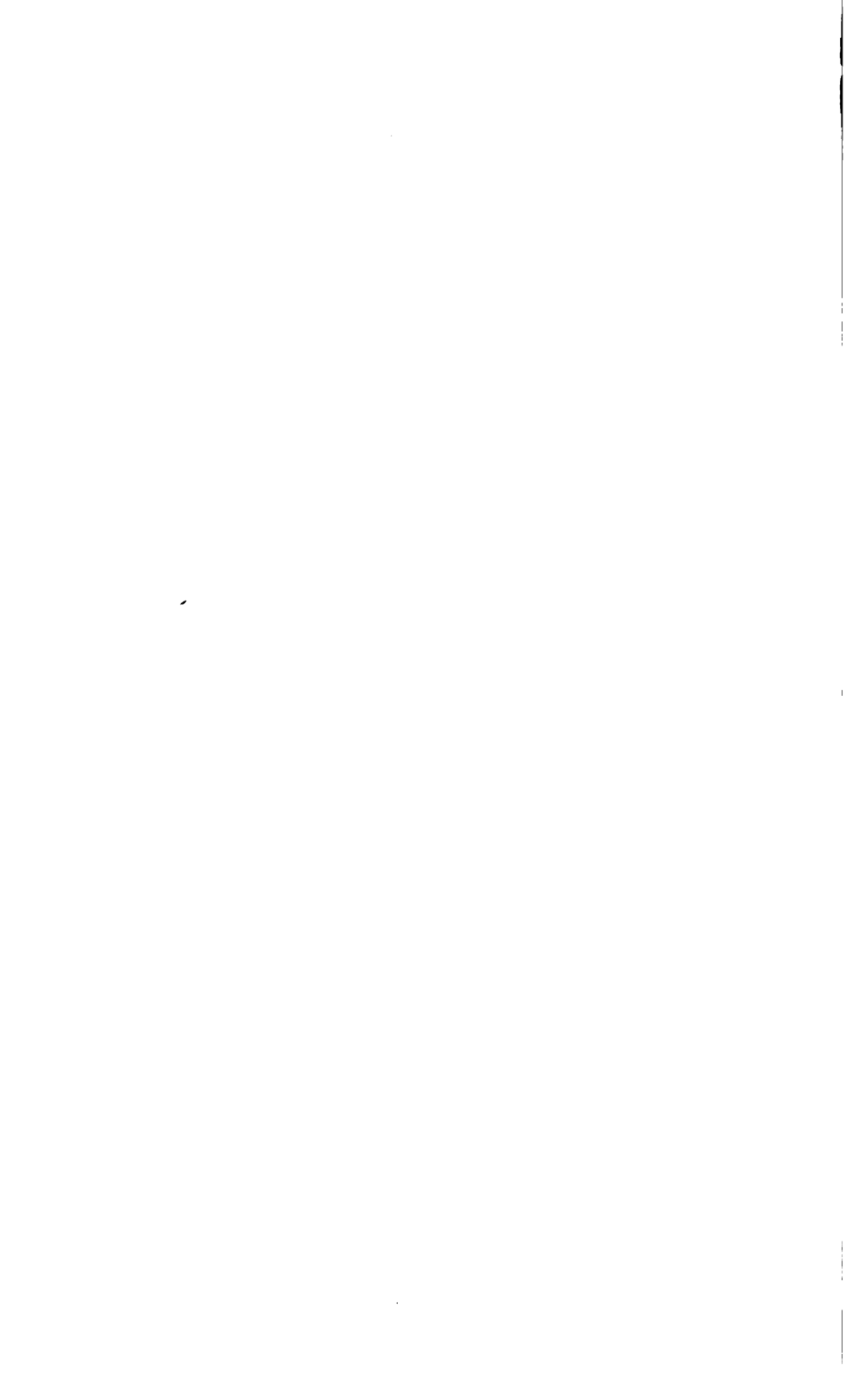
A. I think it must have been, from the large amount it uses.

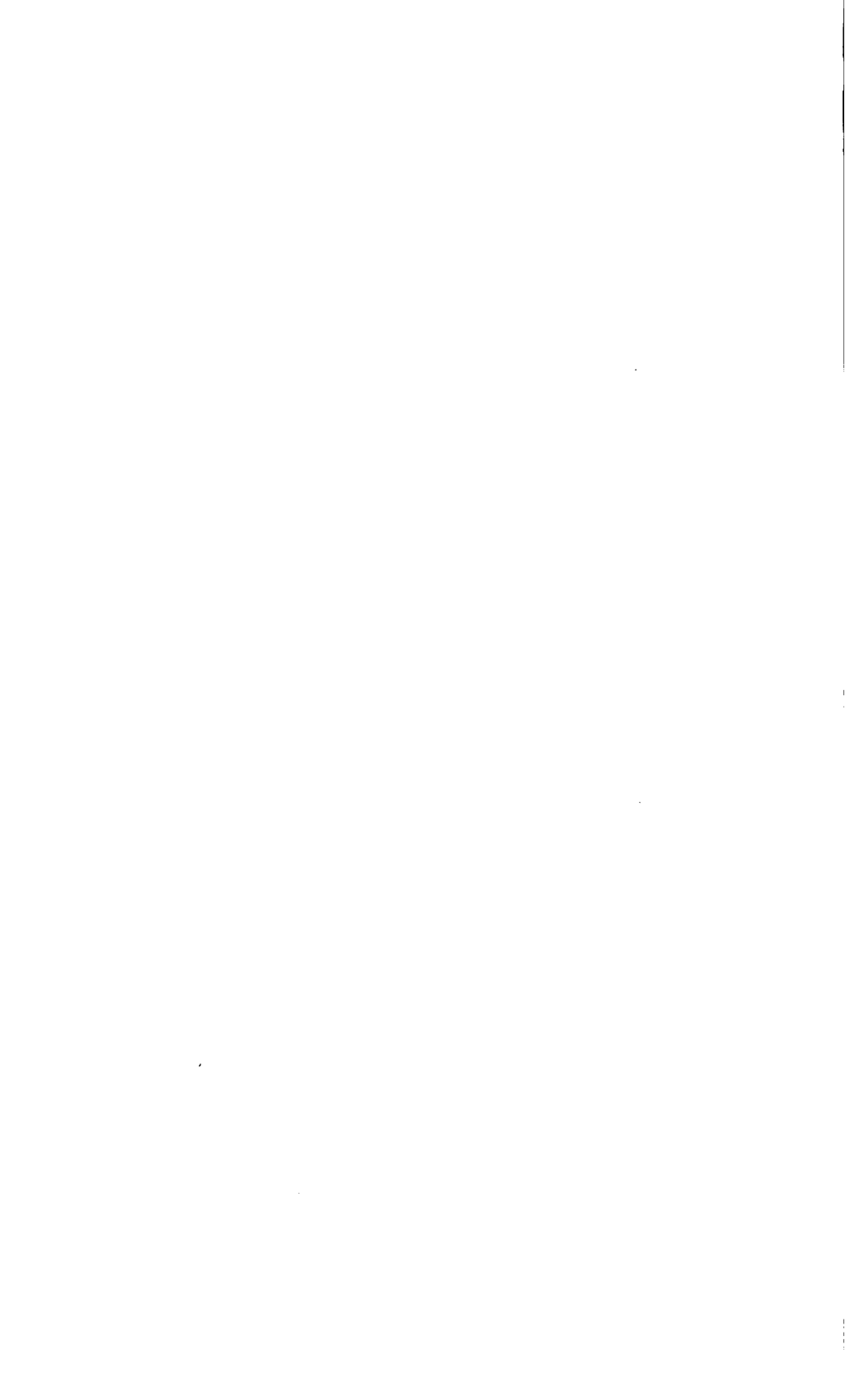
This opinion is simply in line with the usual tactics in trade and the influence which any large purchaser of any commodity has in the markets of the world.

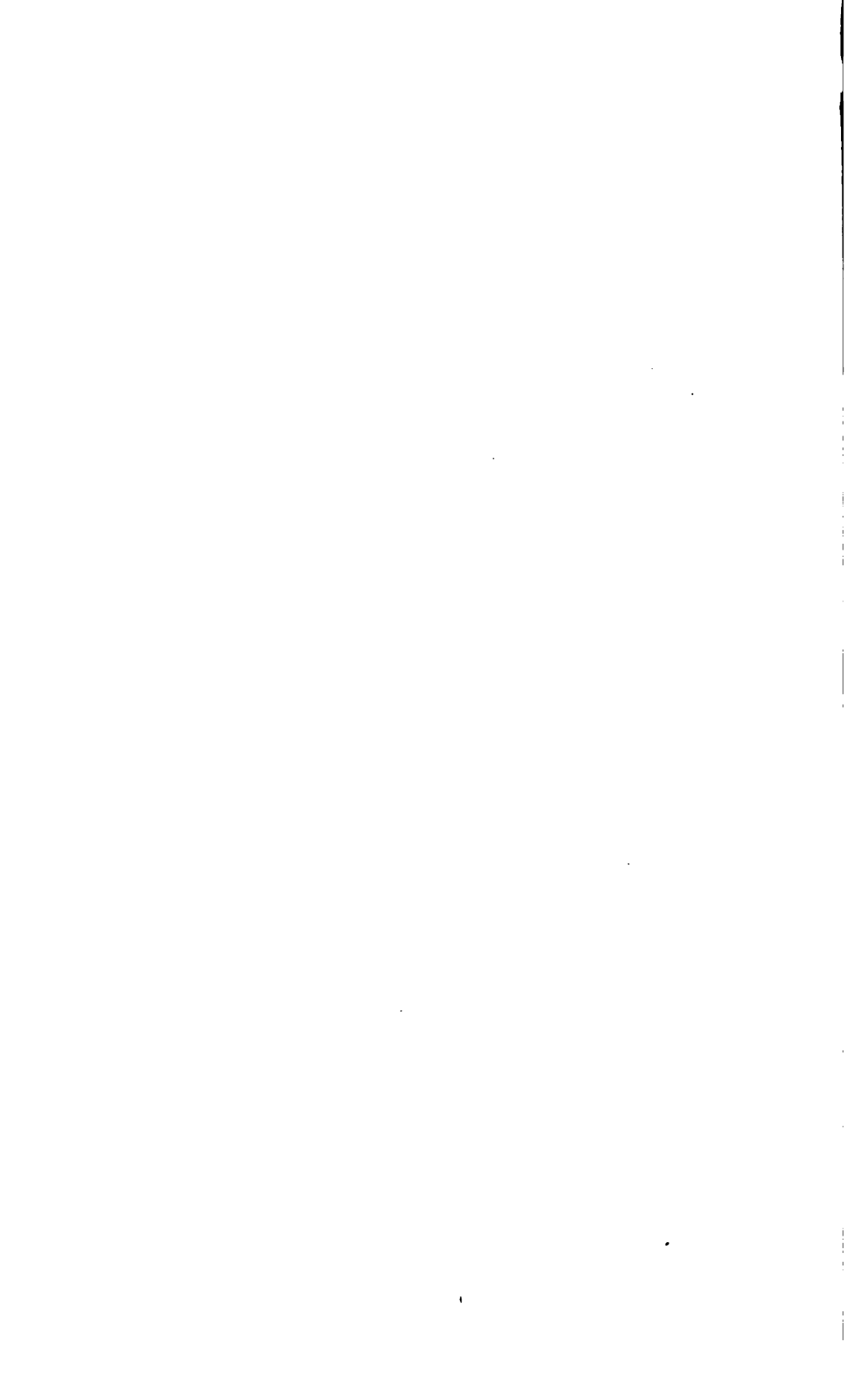
The Spanish and other planters and those exploiters in Cuba who have placed their money in sugar lands in that island rather than in the United States, as we have done, who will escape our taxation, have made money from sugar for the past three years. Admittedly so, and why should they not have done so? The Cuban planter pays from \$2 to \$2.25 per ton for cane, whereas we pay more than double that amount for beets, our raw material.

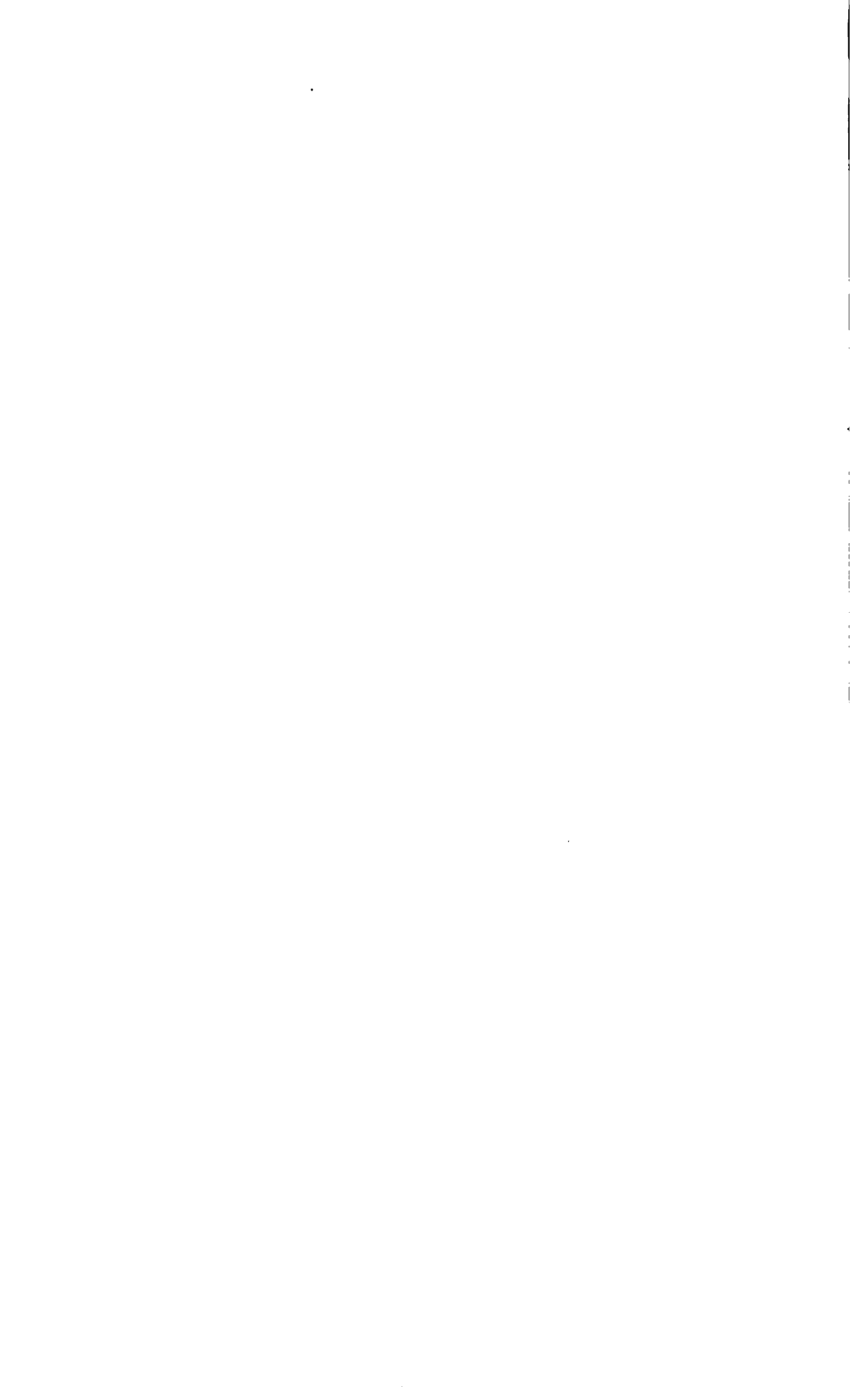
If there was nothing behind this proposition save the case which the Cuban delegation has attempted to make, we would rest here and now; but you have before you that part of the President's message relating to this subject, and the report of the Secretary of War, but, as I have said, we doubt whether those recommendations would have been made on fuller information.

It is sought to make Cuba an exception to the rule so rigidly applied to home industries by the late and the present Presidents. Why or wherefore? It is said that we must leave Cuba no worse off than she was under Spain; that in driving Spain out of Cuba we have closed her markets, and that there is a necessity for and a moral obligation resting on the United States to give Cuba immediate prosperity. The reflecting and intelligent mind will be astonished at the first two propositions, because we all know that Cuba is infinitely better off than she was under Spanish tyranny and oppression. The intimation that she is not falsifies official reports, Cuban admissions, and all the conditions, and is an insult to our Government and to every military official on the island. Let me state what we have done, although its full results are not yet felt nor appreciated by the Spanish planters in Cuba.

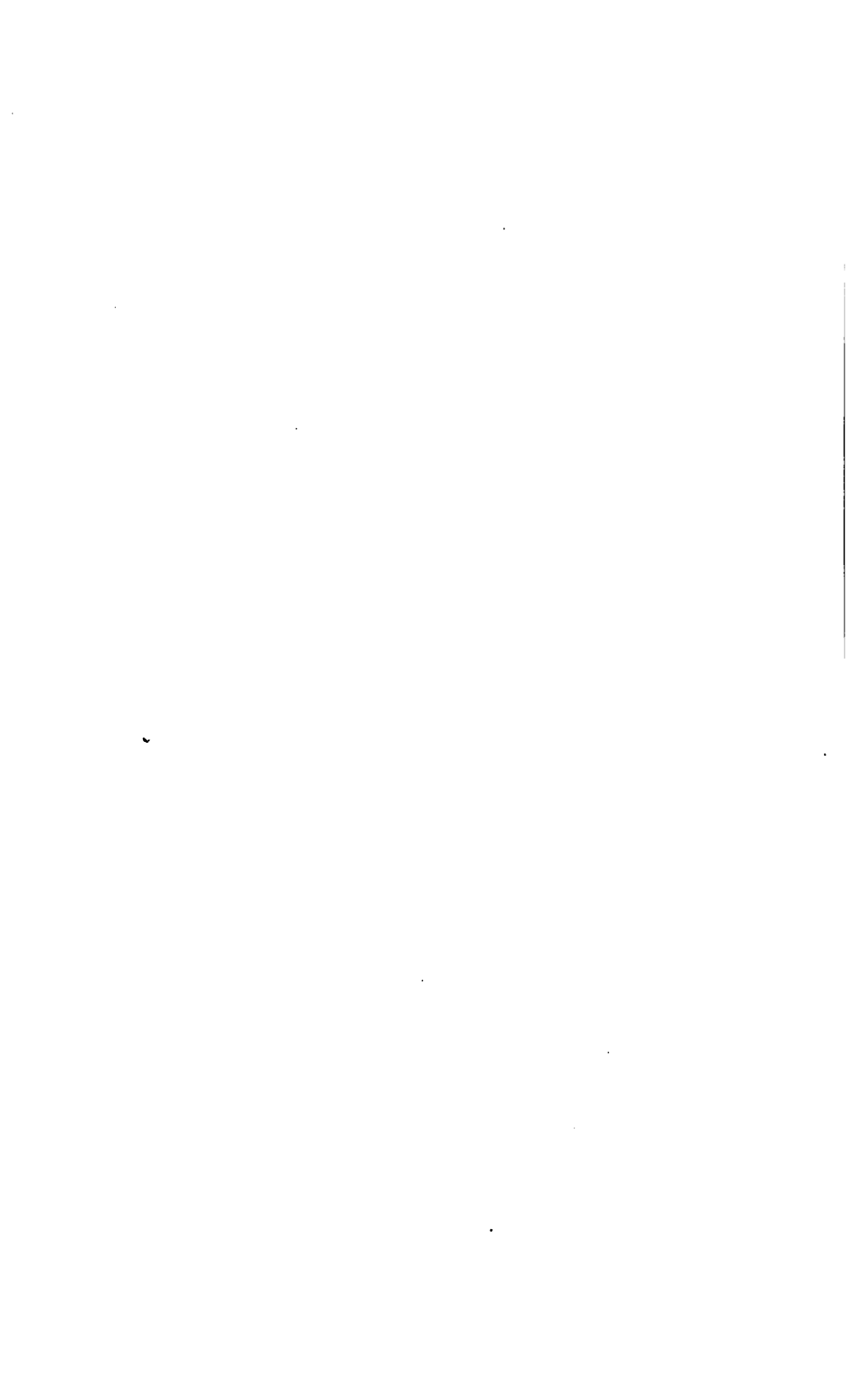


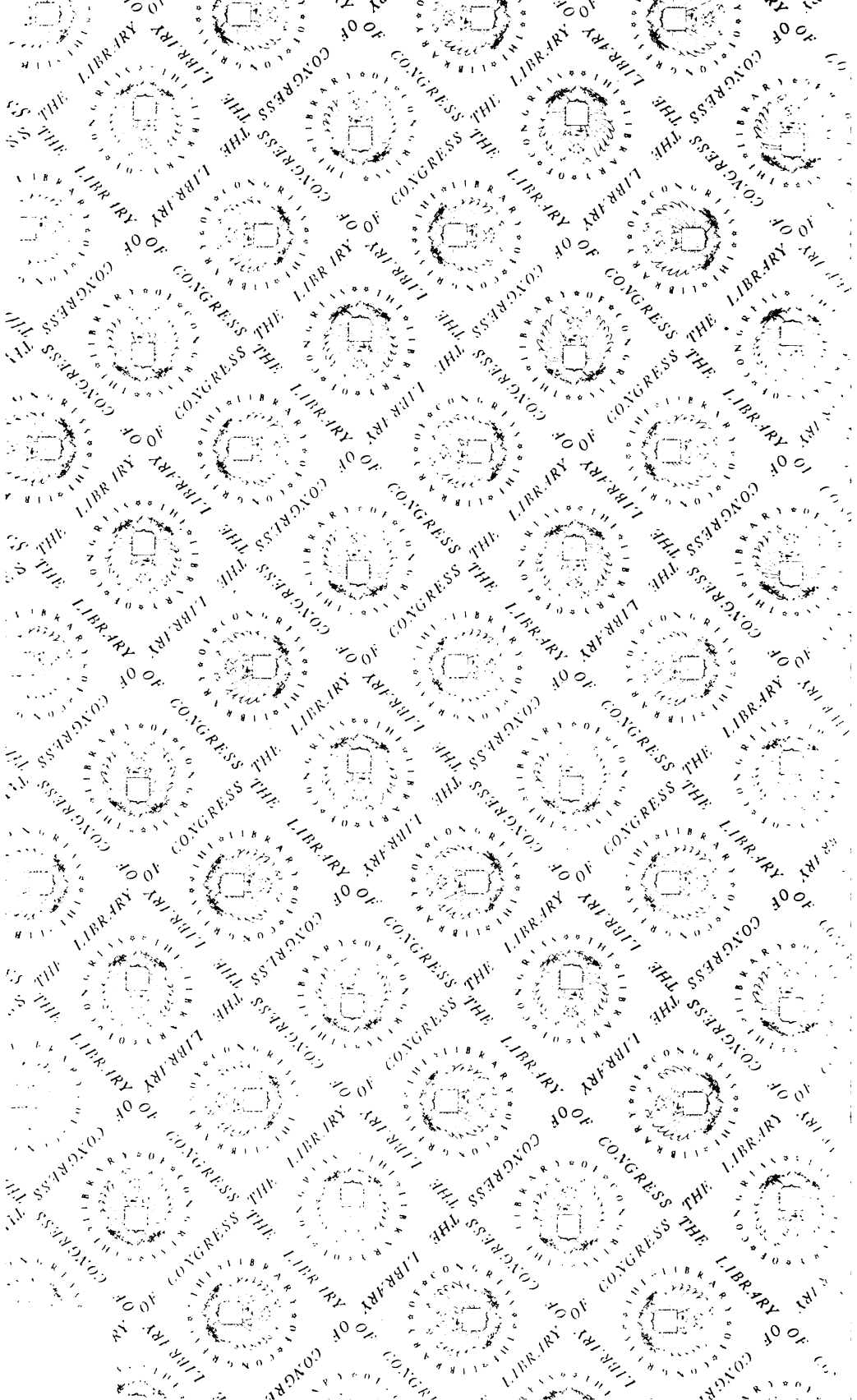


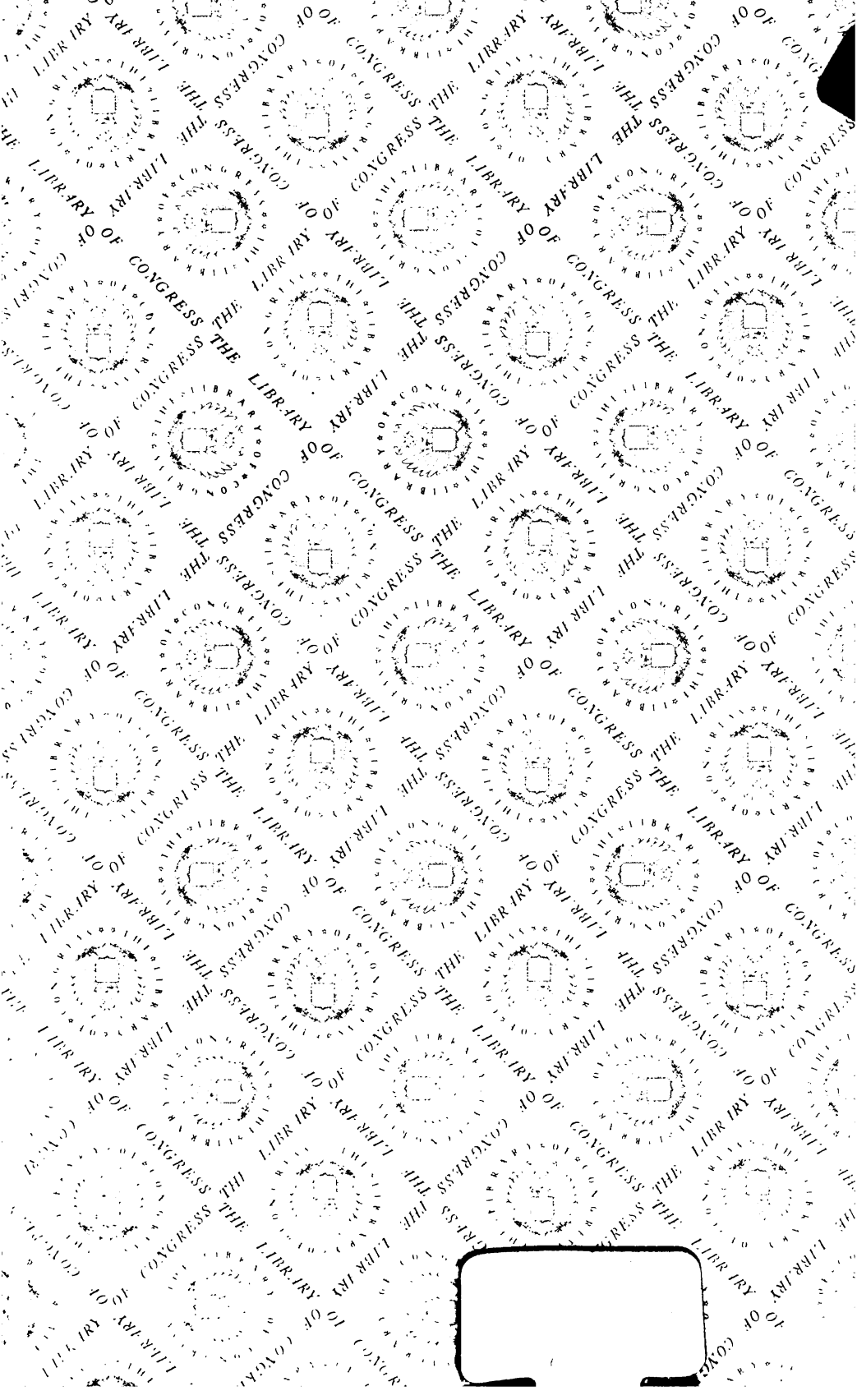












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